12/12/84 S8205-4 A-

VIRGINIA ECONOMIC INDICATORS

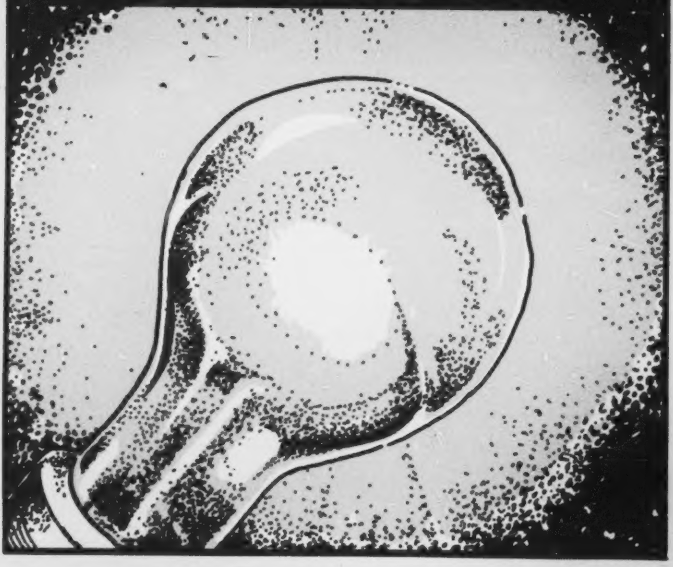
VOL. XVI NO. 1

BUILDING PERMITS

NEW VEHICLE REGISTRATION

MANUFACTURING EMPLOYMENT

SALES OF ELECTRICAL POWER



2nd QUARTER 1984 DATA

INTRODUCTION

From 1967 to 1981 the Research and Analysis Division of the Virginia Employment Commission produced the monthly Virginia Economic Indicators, a publication depicting the movement of Virginia's key economic indicators in graphic and tabular form with accompanying narrative analysis. This publication was well received by the state's business and financial leaders and by members of the economic community. Severe federal budget cuts substained by the Virginia Employment Commission caused the reluctant suspension of this popular publication with the December 1981 issue.

We are now pleased to reinstate the publication of Virginia Economic Indicators on a quarterly basis starting with this issue containing data for the second quarter of 1984. Of the twenty series contained in the old publication, fourteen are contained in this new publication. Because of the discontinuation of the Labor Turnover Program by the Bureau of Labor Statistics in 1981 (also because of federal budget cuts), the four turnover rates--Accessions, New Hires, Quits, Layoffs--are no longer available for either Virginia or the nation. Nonagricultural Job Openings Received and Job Placements by the VEC have also been dropped from this series as statistics published previously are not comparable to current statistics due to administrative changes. Additionally, Electrical Power Sales is not comparable with the series published previously. Our former source of this information, the Public Utilities Association of Virginia, ceased operations in December 1983. It is our hope in the future to be able to add additional indicators on Virginia to the series. While many indicators are available nationally, there is a problem in finding series for which data is broken out at the state level.

We would like to thank Dr. Roy L. Pearson, Acting Director of the Bureau of Business Research at William and Mary, for providing us with electrical power sales data back to 1974. The new series reflects total Electrical Power Sales from most of the major companies serving Virginia, whereas the old series showed only Industrial and Commercial Sales. Dr. Pearson also provided data for the missing years, 1982, 1983, and 1984, on building permits and vehicle registrations.

We welcome any comments, suggestions or questions concerning Virginia Economic Indicators. Please contact Ralph C. Robinson, Director; Research and Analysis Division; P. O. Box 1358; Richmond, Virginia 23211; Telephone (804) 786-7496, for additional information or explanation of the contents of this document.

TABLE OF CONTENTS

Page

INTRODUCTION ii

VIRGINIA ECONOMIC HIGHLIGHTS, SECOND QUARTER 1984 v

COMMENTS ON VIRGINIA ECONOMIC INDICATORS, SECOND QUARTER 1984 1

EMPLOYMENT AND UNEMPLOYMENT INDICATORS, JANUARY 1983 TO JUNE 1984 4

Nonagricultural Wage & Salary Employment
Manufacturing Employment
Total Unemployment Rate
Average Weekly Initial Claims
Average Weekly Insured Unemployment Rate
U. I. Final Payments

MANUFACTURING PRODUCTION WORKER INDICATORS, JANUARY 1983 TO JUNE 1984 6

Average Weekly Hours
Aggregate Manhours
Average Hourly Earnings
Average Weekly Earnings

BUSINESS INDICATORS, JANUARY 1983 TO JUNE 1984 8

New Business Incorporations
Valuation of Building Permits
New Vehicle Registrations
Electrical Power Sales

DATA SUMMARY, JUNE 1984 10

SUMMARY: MOVEMENT OF INDICATORS, JANUARY 1983 TO JUNE 1984 10

DATA SUMMARY, APRIL AND MAY 1984 11

SEASONALLY ADJUSTED EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA, SECOND QUARTER 1983 AND 1984 12

HISTORICAL SUMMARY, PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE 13

VIRGINIA ECONOMIC HIGHLIGHTS
Second Quarter 1984

Nonagricultural Employment statewide, leading all rising indicators for the second quarter, posted an all-time record high level of 2,284,000, an increase of 92,000 jobs for Virginians over second quarter 1983.

Four Major Employment Sectors also reached all-time employment peaks in the quarter on a seasonally adjusted basis:

- Wholesale and Retail Trade Employment was pushed to 503,000 by consumer purchases.
- Services were spurred to 470,000 by tourist activities.
- Transportation and Public Utilities reached 124,000 jobs as state travel increased.
- Finance-Insurance-Real Estate rolls swelled to 115,000 with the renewed housing market.

Coal Production reached 9.5 million tons in the second quarter, 15.9 percent above second quarter 1983, and Mine Employment was 2,000 higher over the year.

Dollar Volume of Building Permits was 14 percent above a year ago, and Construction Employment was at the highest level in four years.

Virginia's Unemployment Rate, seasonally adjusted at 4.4 percent in the second quarter, was at the lowest level in a decade.

State New Motor Vehicle sales, seasonally adjusted, topped the 1978 high in the second quarter.

Virginia Production Worker Earnings reached an all-time record average of $324.93 per week for the quarter.

The State Unemployment Trust Fund at $180 million in the second quarter was at the highest level since 1975.

The National Consumer Price Index for All Urban Consumers at 309.7 for the second quarter (1967 = 100) was up 4.6 percent from last year.

VIRGINIA ECONOMIC INDICATORS

VOL. XVI NO.1 SECOND QUARTER DATA

Cooling Off from the Rapid Pace of the Early Stages of Recovery Indicated in Second Quarter

Of the fourteen indicators, six showed positive direction, while eight reflected a negative trend in June. In May, six indicators were up while, in April, nine indicators rose. The downward trend in positive indicators during those three months points to a possible slowdown from the rapid pace of increase displayed during the early stages of the recovery.

To illustrate, during the second quarter of 1983 when the recovery had just begun, at least eleven indicators advanced in each of the inclusive months. The chart on page 10 shows the performance of the indicators since January 1983. The dashed line represents a six-month moving average of the number of indicators moving positively month-to-month plus one-half of the number showing no change. This moving average attempts to compensate for irregularity present in many of the series and should more clearly reflect the recent trend in the indicators. Over the past twelve months there has been a slow but steady decline in the number of indicators showing positive trends. A slowdown in the rate of advancement often occurs by the second year of the recovery and is viewed by some economists as a positive sign in that a less torrid pace of growth prevents the economy from overheating, keeps inflation down and may prolong the life of the expansion.

The three indicators that generally lead a business contraction or expansion all showed negative trends in June. Average weekly initial claims rose by 28.3 percent over their May level due largely to prefiling for July 4th vacation layoffs. New business incorporations dropped by 8.1 percent and the average workweek showed a very slight drop of 0.1 hour from May.

The April-May trends showed one of the leading indicators up and two down. Average weekly initial claims (-11.1 percent) was the indicator reflecting positive change, while average weekly hours dropped by 0.4 hour or 1.0 percent and new business incorporations showed a very minor decline (-0.8 percent).

The March-April trends showed two leading indicators advancing (average weekly initial claims, average weekly hours) and one (new business incorporations) declining. Based on analysis of the latest three months of data available, it does not appear that a strong negative trend is developing in the three leading indicators. Moreover, because of the significant degree of irregularity in these series, month-to-month changes should be viewed with caution.

Nonagricultural Employment Leads Rising Indicators

Nonagricultural employment continued to expand rapidly during the second quarter although a slowing trend was noted in June. The annual rate of increase was 4.8 percent in April and May compared with 2.4 percent in June. Manufacturing employment did not keep pace with the rest of the nonagricultural categories. Factory employment rose at an annual rate of slightly over one percent in April and May, then lost ground at a rate of two percent in June.

In Virginia, as in most of the nation, the recovery appears to be led by construction and retail trade.

During the second quarter, construction employment averaged 13 percent above what it was the same period of a year ago. The seasonally adjusted valuation of building permits issued in the state took nearly a 37 percent jump between May and June. When compared with the second quarter of 1983, permits this year are nearly 14 percent higher and, when measured against the Consumer Price Index (CPI), the increase over the year is nearly 11 percent. The graphs contained in this publication clearly reflect the spectacular upward spiral in the valuation of building permits issued in Virginia since late 1982. As this has been a period of low inflation, very little of the increase is due to higher costs. Over the year, the building boom has also given major impetus to employment in such manufacturing categories as: lumber and wood products (+10.2 percent); furniture and fixtures (+5.2 percent); stone, clay, and glass (+9.2 percent), and primary metals (+11 percent). The spillover effect has also been seen in nonmanufacturing sectors led by real estate (+7.1 percent), and furniture and home furnishing retailers (+11.6 percent). Although the impact of construction on the state's economy has been a significant one, during the past year and a half, higher interest rates could become a major concern in the months ahead.

Retail trade, the other force behind the recovery, showed employment growth of 6.8 percent between the second quarters of 1983 and 1984, lending support to the claim that the recovery has been consumer-led. Consumers have also shown an inclination to buy big ticket items since the recovery began. New vehicle registrations in the state dropped between May and June 1984, but posted sizeable increases from the previous year in April (+20.2 percent), May (+25.4 percent) and June (+12.6 percent).

Electrical power sales made a strong showing in June, advancing by six percent over its May level. Smaller increases were experienced in April and May. Though this indicator has leveled off in recent months, the higher power requirement of industries in Virginia has given a boost to the state's coal mining industry. Employment in that category is up by 10.6 percent over the year.

Nonagricultural Employment Leads Rising Indicators - (continued)

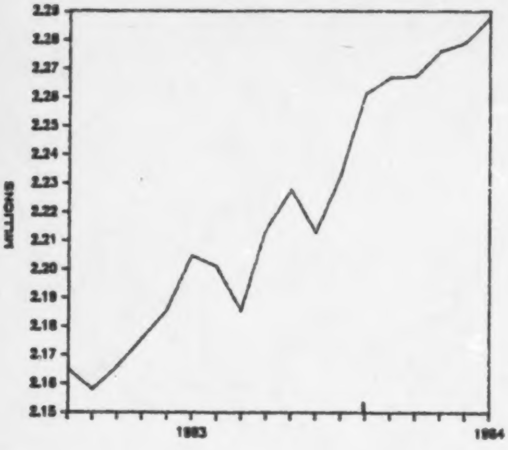
Other indicators showed generally a mixed bag during the three months of the second quarter. The seasonally adjusted unemployment rate edged up by 0.1 percentage points in May and June after declining in April. The insured unemployment rate, which is a measure of persons drawing unemployment compensation, rose in June after declining in May and holding steady in April. Unemployment insurance final payments, an indicator of the number of long-term unemployed, is currently less than half of what it was a year ago. Final payments dropped in June, indicating a positive trend for that month. April and May trends were negative as the number of final payments rose during those months. The average weekly hours of manufacturing production workers declined in May and June after reaching a peak of 40.7 hours in April. Aggregate manhours followed the same trend as weekly hours. Average hourly earnings were up in June after very little change the two previous months, while average weekly earnings posted moderate changes in April and June and a slight decrease in May.

EMPLOYMENT AND UNEMPLOYMENT INDICATORS
January 1983 to June 1984

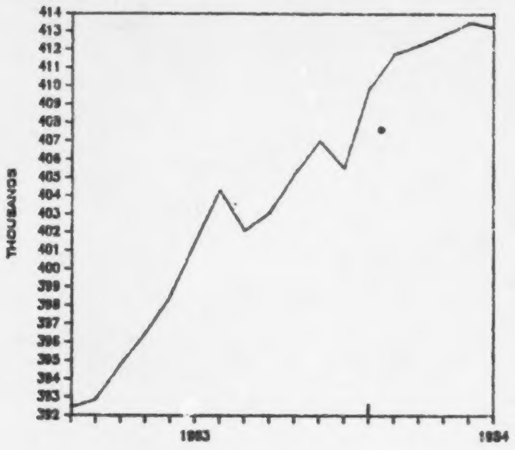
	Nonagricultural Wage & Salary Emp. (Thousands)		Manufacturing Employment (Thousands)		Total Unemployment Rate (Percent)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	2,121.8	2,165.3	388.5	392.5	8.3	7.5
February	2,115.9	2,156.9	388.8	392.7	8.1	7.2
March	2,139.6	2,165.5	391.6	394.2	7.3	6.9
April	2,168.0	2,178.1	394.1	397.2	6.5	6.6
May	2,192.5	2,191.1	396.6	399.9	6.0	6.2
June	2,232.1	2,208.9	401.5	404.6	5.8	5.5
July	2,215.4	2,205.8	402.5	406.3	5.7	5.7
August	2,199.6	2,191.7	403.4	405.0	5.2	5.6
September	2,229.5	2,214.8	407.7	405.3	4.8	5.3
October	2,238.2	2,225.3	410.3	407.9	5.0	5.4
November	2,224.0	2,228.8	410.9	409.1	5.1	5.3
December	2,251.5	2,230.9	407.6	406.0	5.3	5.2
1984						
January	2,216.4	2,245.6	405.8	409.9	6.1	5.5
February	2,224.1	2,267.2	407.7	411.8	5.4	4.8
March	2,240.3	2,267.5	409.0	412.3	4.7	4.4
April	2,265.0	2,276.4	410.4	412.9	4.3	4.3
May	2,286.1	2,286.1	411.4	413.5	4.3	4.4
June	2,315.5	2,290.3	413.2	412.8	4.7	4.5

	Average Weekly Initial Claims (Number)		Avg. Wkly. Insured Unemployment Rate (Percent)		U.I. Final Payments (Number)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	16,327	9,726	3.3	2.3	4,847	5,001
February	8,524	8,573	2.9	2.2	4,416	4,824
March	8,452	9,299	2.6	2.1	6,119	5,113
April	6,905	7,888	2.1	2.0	6,213	4,865
May	5,921	7,440	1.6	1.8	5,002	4,577
June	5,052	5,927	1.4	1.6	4,601	4,104
July	6,489	6,914	1.4	1.6	3,803	3,673
August	4,277	5,743	1.2	1.4	3,459	3,757
September	3,830	5,166	1.0	1.3	2,621	3,109
October	4,983	5,888	1.0	1.3	2,169	2,759
November	5,698	5,808	1.2	1.4	2,375	2,782
December	10,789	6,485	1.3	1.3	2,284	2,298
1984						
January	12,255	7,312	1.9	1.3	2,375	2,459
February	6,459	6,537	1.7	1.3	2,368	2,594
March	5,584	6,103	1.5	1.2	2,814	2,345
April	5,033	5,785	1.2	1.2	3,016	2,360
May	4,098	5,142	1.0	1.1	3,031	2,794
June	5,580	6,596	1.1	1.3	1,987	1,765

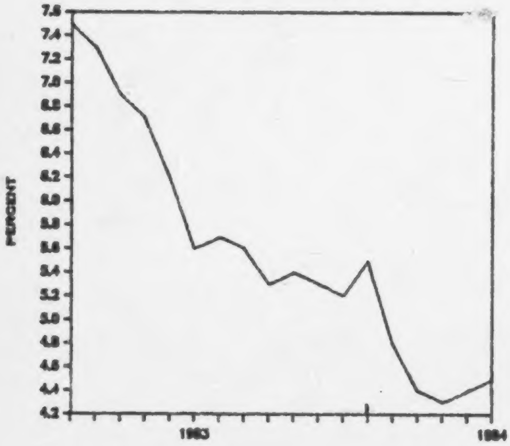
NONAG W & S EMPLOYMENT



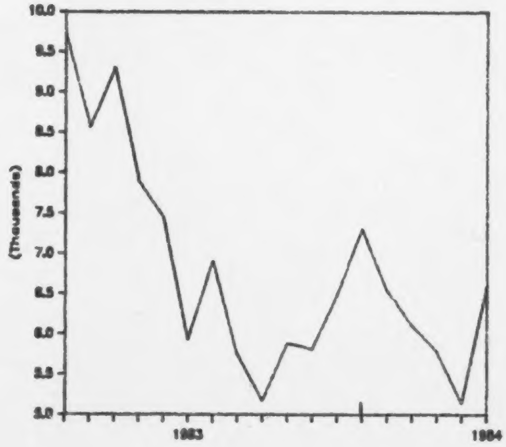
MANUFACTURING EMPLOYMENT



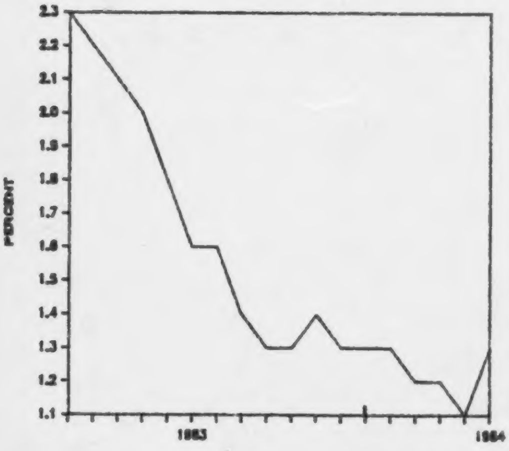
TOTAL UNEMPLOYMENT RATE



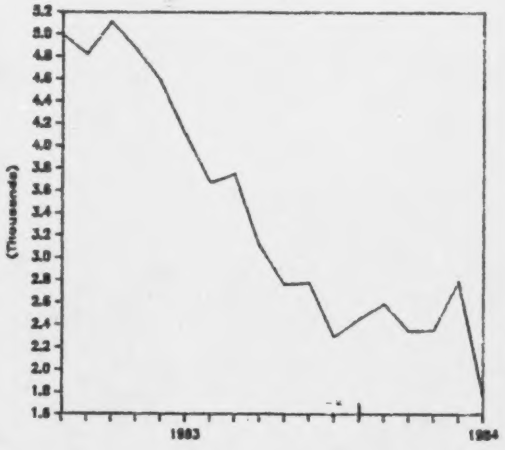
AVG. WEEKLY INIT. CLAIMS



INSURED UNEMPLOYMENT RATE



U. I. FINAL PAYMENTS

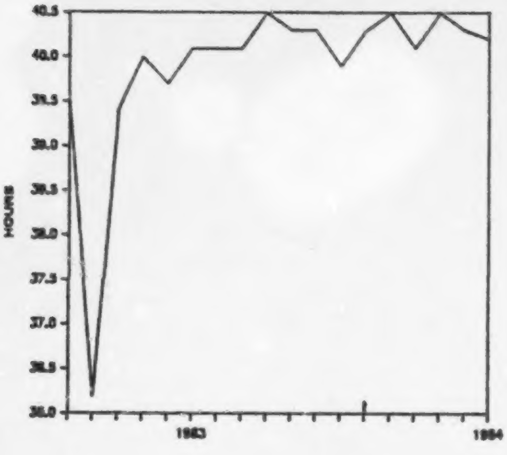


MANUFACTURING PRODUCTION WORKER INDICATORS
January 1983 to June 1984

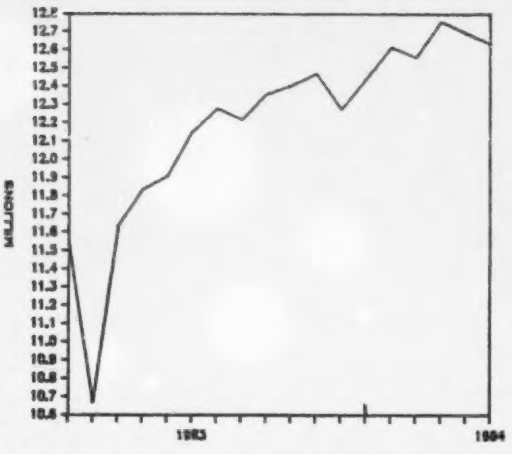
	Average Weekly Hours (Hours)		Aggegate Manhours (Thousands)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	38.9	39.5	11,310.4	11,538.6
February	35.7	36.2	10,423.3	10,670.2
March	39.2	39.4	11,468.3	11,634.5
April	39.4	40.0	11,617.7	11,837.2
May	39.6	39.7	11,799.8	11,910.0
June	40.5	40.1	12,271.2	12,149.6
July	39.9	40.1	12,140.5	12,278.9
August	40.2	40.1	12,271.9	12,217.0
September	40.8	40.5	12,589.5	12,359.6
October	40.5	40.3	12,623.7	12,408.1
November	40.9	40.3	12,771.0	12,472.1
December	40.5	39.9	12,518.0	12,273.1
1984				
January	39.7	40.3	12,193.6	12,442.4
February	39.9	40.5	12,312.1	13,614.9
March	39.9	40.1	12,380.9	13,556.7
April	40.1	40.7	12,514.2	12,756.6
May	40.2	40.3	12,576.3	12,690.5
June	40.6	40.2	12,769.7	12,630.8

	Average Hourly Earnings (Dollars)		Average Weekly Earnings (Dollars)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	7.64	7.55	297.20	298.59
February	7.76	7.76	277.03	281.35
March	7.71	7.72	302.23	304.77
April	7.71	7.72	303.77	306.84
May	7.74	7.77	306.50	308.34
June	7.73	7.77	313.07	311.58
July	7.72	7.73	308.03	310.02
August	7.73	7.76	310.75	311.12
September	7.82	7.82	319.06	316.45
October	7.85	7.88	317.93	316.88
November	8.01	7.97	327.61	321.45
December	7.95	7.95	321.98	317.38
1984				
January	8.05	7.95	319.59	321.20
February	7.98	7.98	318.40	323.58
March	8.03	8.04	319.20	321.77
April	8.02	8.03	321.60	324.85
May	8.01	8.03	322.00	323.94
June	8.07	8.11	327.64	326.01

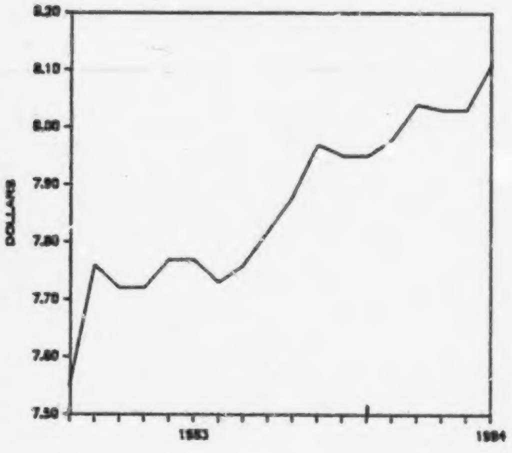
AVERAGE WORKWEEK



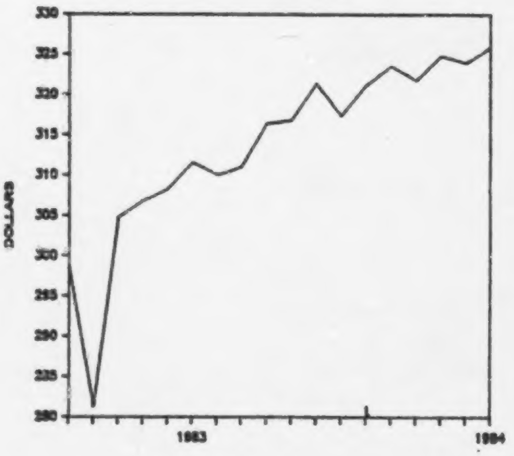
MANHOURS



AVERAGE HOURLY EARNINGS



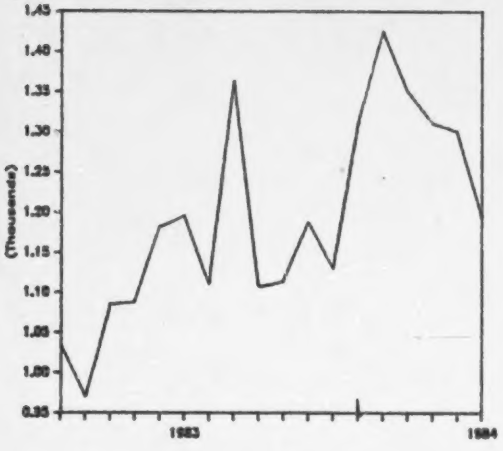
AVERAGE WEEKLY EARNINGS

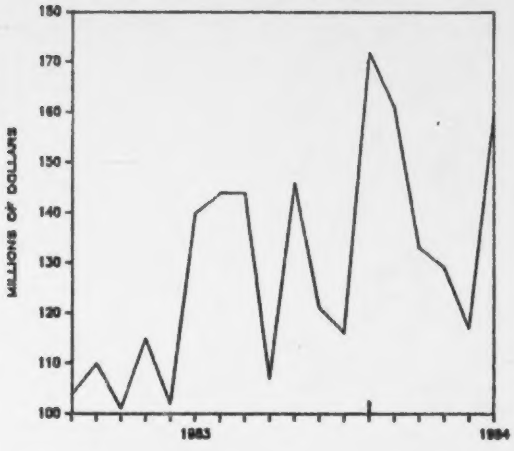


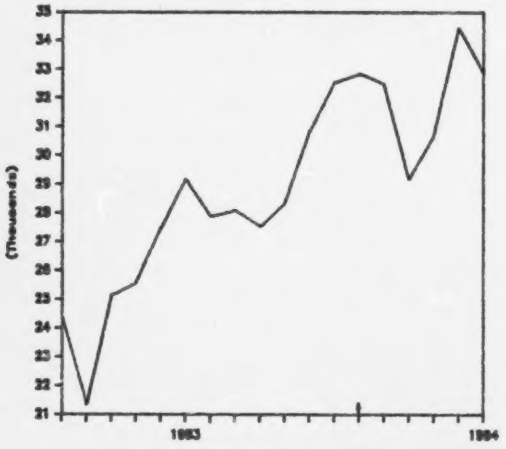
BUSINESS INDICATORS
January 1983 to June 1984

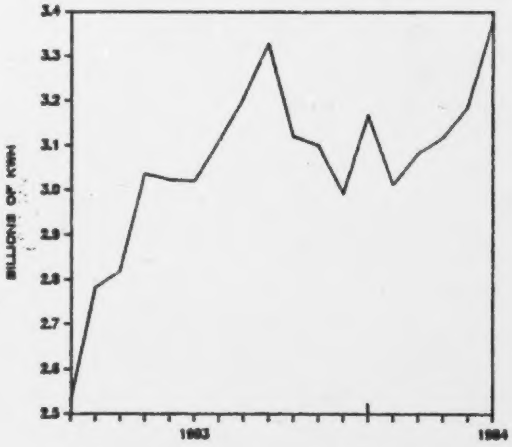
	New Business Incorporations (Number)		Valuation of Bldg. Permits ($ Millions)	
1983	Unadj.	Adj.	Unadj.	Unadj.
January	1,090	1,034	79.2	103.8
February	903	971	75.8	110.2
March	1,187	1,086	123.6	100.9
April	1,178	1,089	131.2	114.6
May	1,186	1,183	107.8	101.8
June	1,244	1,197	160.3	140.0
July	1,006	1,110	160.7	143.6
August	1,374	1,364	141.4	144.2
September	1,102	1,107	106.9	107.1
October	1,116	1,115	153.4	145.7
November	1,081	1,188	129.8	120.5
December	1,113	1,130	86.9	115.6
1984				
January	1,373	1,311	130.4	172.0
February	1,329	1,426	111.1	161.2
March	1,476	1,350	163.5	132.8
April	1,417	1,310	147.1	128.5
May	1,300	1,300	124.1	117.3
June	1,246	1,195	183.5	160.3

	New Vehicle Registrations (Number)		Electrical Power Sales (Mil. of KHW)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	21,960	24,380	3,008.1	2,529.2
February	18,813	21,367	3,161.2	2,783.9
March	30,021	25,153	2,886.8	2,821.7
April	29,208	25,574	2,803.1	3,037.7
May	29,159	27,479	2,504.7	3,022.5
June	33,613	29,188	2,751.1	3,021.0
July	30,651	27,882	3,325.7	3,113.3
August	30,034	28,108	3,567.0	3,209.4
September	27,960	27,519	3,448.5	3,328.5
October	26,103	28,339	2,675.9	3,120.2
November	26,169	30,854	2,740.3	3,100.2
December	23,396	32,573	3,086.4	2,991.5
1984				
January	29,459	32,878	3,777.6	3,169.1
February	28,700	32,466	3,414.4	3,013.6
March	34,898	29,179	3,145.6	3,083.9
April	35,032	30,730	2,882.9	3,120.0
May	36,395	34,465	2,639.7	3,188.0
June	37.953	32,860	3,080.9	3,378.2


NEW BUSINESS INCORPORATIONS


VALUATION OF BUILDING PERMITS


NEW VEHICLE REGISTRATIONS

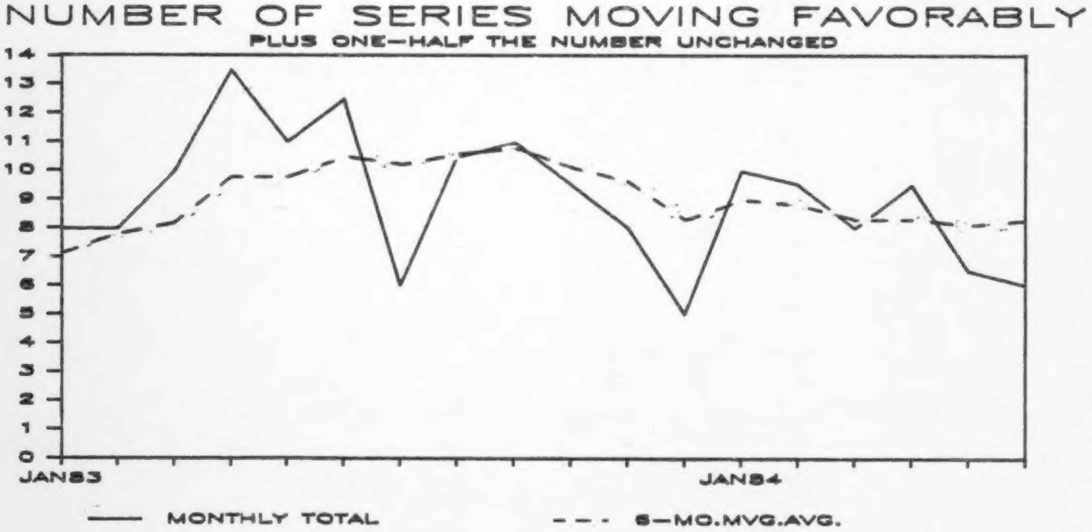

ELECTRICAL POWER SALES

DATA SUMMARY JUNE 1984 (SEASONALLY ADJUSTED DATA)	June 1984	May 1984	June 1983	Percent & (Direction) 1/ of Change May - June
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,290.3	2,286.1	2,208.9	+ 0.2 (+)
*Manufacturing Employment (000)	412.8	413.5	404.6	- 0.2 (-)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	4.5	4.4	5.5	+ 2.3 (-)
Average Weekly Initial Claims	6,596	5,142	5,927	+28.3 (-)
Average Weekly Insured Unemployment Rate (%)	1.3	1.1	1.6	+18.2 (-)
Unemployment Insurance Final Payments	1,765	2,794	4,104	-36.8 (+)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.2	40.3	40.1	- 0.2 (-)
*Aggregate Manhours (000)	12,630.8	12,690.5	12,149.6	- 0.5 (-)
*Average Hourly Earnings ($)	8.11	8.03	7.77	+ 1.0 (+)
*Average Weekly Earnings ($)	326.01	323.94	311.58	+ 0.6 (+)
BUSINESS				
New Business Incorporations	1,195	1,300	1,197	- 8.1 (-)
Valuation of Building Permits - 18 Cities ($M)	160.3	117.3	140.0	+36.7 (+)
New Vehicle Registrations	32,860	34,465	29,188	- 4.7 (-)
Electrical Power Sales (B of KWH)	3.378	3.188	3.021	+ 6.0 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Current month's figures for these series are considered preliminary and are often revised the following month.

SUMMARY



DATA SUMMARY MAY 1984 (SEASONALLY ADJUSTED DATA)	May 1984	April 1984	May 1983	Percent & (Direction) 1/ of Change April - May
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,286.1	2,276.4	2,191.1	+ 0.4 (+)
*Manufacturing Employment (000)	413.5	412.9	404.6	+ 0.1 (+)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	4.4	4.3	6.2	+ 2.3 (-)
Average Weekly Initial Claims (000)	5,142	5,785	7,440	-11.1 (+)
Average Weekly Insured Unemployment Rate (%)	1.1	1.2	1.8	- 8.3 (+)
Unemployment Insurance Final Payments (000)	2,794	2,360	4,577	+18.4 (-)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.3	40.7	39.7	- 1.0 (-)
*Aggregate Manhours (M)	12,690.5	12,756.6	11,910.0	- 0.5 (-)
*Average Hourly Earnings ($)	8.03	8.03	7.77	0.0 (0)
*Average Weekly Earnings ($)	323.94	324.85	308.34	- 0.3 (-)
BUSINESS				
New Business Incorporations	1,300	1,310	1,183	- 0.8 (-)
Valuation of Building Permits - 18 Cities ($M)	117.3	128.5	101.8	- 8.7 (-)
New Vehicle Registrations	34,465	30,730	27,479	+12.2 (+)
Electrical Power Sales (B of KWH)	3.188	3.120	3.023	+ 2.2 (+)

DATA SUMMARY APRIL 1984 (SEASONALLY ADJUSTED DATA)	April 1984	March 1984	April 1983	Percent & (Direction) 1/ of Change March - April
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,276.4	2,267.5	2,178.1	+ 0.4 (+)
*Manufacturing Employment (000)	412.9	412.3	397.2	+ 0.1 (+)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	4.3	4.4	6.6	- 2.2 (+)
Average Weekly Initial Claims (000)	5,785	6,103	7,888	- 5.2 (+)
Average Weekly Insured Unemployment Rate (%)	1.2	1.2	2.0	0.0 (0)
Unemployment Insurance Final Payments (000)	2,360	2,345	4,865	+ 0.6 (-)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.7	40.1	40.0	+ 1.5 (+)
*Aggregate Manhours (M)	12,756.6	12,556.7	11,837.2	+ 1.6 (+)
*Average Hourly Earnings ($)	8.03	8.04	7.72	- 0.1 (-)
*Average Weekly Earnings ($)	324.85	321.77	306.84	+ 1.0 (+)
BUSINESS				
New Business Incorporations	1,310	1,350	1,089	- 3.0 (-)
Valuation of Building Permits - 18 Cities ($M)	128.5	132.8	114.6	- 3.2 (-)
New Vehicle Registration	30,730	29,179	25,574	+ 5.3 (+)
Electrical Power Sales (B of KWH)	3.120	3.084	3.038	+ 1.2 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Current month's figures for these series are considered preliminary and are often revised the following month.

SEASONALLY ADJUSTED EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA
Second Quarter 1983 and 1984
(In Thousands)

	June 1984	May 1984	April 1984	June 1983	May 1983	April 1983
TOTAL NONAGRICULTURAL	2,290.3	2,286.1	2,276.4	2,208.9	2,191.1	2,178.1
MANUFACTURING	412.8	413.5	412.9	401.2	398.4	396.2
Durable Goods	195.3	193.8	193.5	183.2	180.5	178.3
Lumber & Wood Products	22.5	22.5	22.7	21.0	20.5	20.0
Furniture & Fixtures	24.6	24.3	24.4	23.4	23.1	23.2
Stone, Clay & Glass Products	13.2	13.0	13.1	12.2	12.0	11.9
Primary Metal Industries	11.2	11.1	11.1	10.1	10.1	9.9
Fabricated Metal Products	18.6	18.6	18.6	18.3	18.2	18.1
Machinery (except Electrical)	15.5	15.2	14.8	12.8	12.7	12.5
Electric & Electronic Equipment	39.9	39.1	39.1	37.6	37.2	36.8
Transportation Equipment	43.6	43.6	43.5	41.5	40.7	40.2
Instruments & Related Products	3.4	3.4	3.4	3.4	3.4	3.4
Misc. Manufacturing Industries	2.7	2.8	2.9	2.7	2.7	2.7
Nondurable Goods	218.1	219.5	219.4	218.6	217.9	218.0
Food & Kindred Products	38.1	38.6	39.1	38.9	39.3	39.7
Tobacco Manufactures	14.2	14.4	14.6	17.2	17.3	17.4
Textile Mill Products	43.2	43.8	43.8	43.5	43.0	42.8
Apparel & Other Textile Products	31.5	32.2	32.0	30.8	30.9	31.0
Paper & Allied Products	15.4	15.3	15.2	14.8	14.7	14.7
Printing & Publishing	25.7	25.7	25.5	25.2	24.7	24.8
Chemicals & Allied Products	32.2	32.1	32.4	32.1	32.1	32.0
Petroleum, Rubber & Misc. Plastics Products	14.2	14.0	13.9	12.8	12.8	12.6
Leather & Leather Products	3.3	3.4	3.5	3.4	3.4	3.5
MINING	19.9	19.5	19.7	17.9	18.0	17.9
CONSTRUCTION	127.4	125.0	124.1	113.0	110.7	108.7
TRANSPORTATION & PUBLIC UTILITIES	123.8	124.1	123.9	119.0	119.6	119.3
Railroad Transportation	14.0	14.0	13.8	13.1	13.0	12.7
Trucking & Warehousing	28.6	28.6	28.5	26.4	26.6	26.4
Transportation by Air	13.8	13.8	14.0	13.4	13.2	13.0
Communication	34.7	34.1	34.5	34.0	33.7	34.1
Electric, Gas & Sanitary Services	18.5	18.8	18.8	18.6	18.6	18.8
WHOLESALE & RETAIL TRADE	503.2	503.7	501.8	477.0	474.5	471.2
Wholesale Trade	112.6	112.8	112.5	108.9	108.6	108.2
Retail Trade	390.8	391.3	389.5	368.0	366.2	363.2
FINANCE, INSURANCE & REAL ESTATE	115.8	114.9	114.7	110.1	109.1	108.6
Banking	34.2	34.0	34.1	33.3	33.2	33.3
Insurance Carriers	20.6	20.6	20.6	20.6	20.6	20.6
Real Estate	29.4	28.7	28.3	27.6	26.8	26.4
SERVICES	472.2	469.5	467.8	458.5	454.7	452.4
Personal Services	27.8	27.4	28.2	26.3	25.9	26.2
Business Services	108.4	107.8	107.0	103.2	101.8	100.7
Health Services	119.4	119.2	119.0	118.9	119.1	118.9
GOVERNMENT	513.4	510.2	508.9	509.6	502.2	501.1
Federal Government	164.6	163.4	162.6	161.7	161.5	160.9
State & Local Government	348.9	346.6	346.8	347.8	341.0	340.4

Current month's estimates are preliminary and have been adjusted to first quarter 1983 benchmark levels.

HISTORICAL SUMMARY

Performance of Indicators Over the Business Cycle

GENERAL INFORMATION

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The shaded spaces on the charts represent the 1973-75, 1980, and 1981-82 recessions as designated by the National Bureau of Economic Research (NBER). The beginning of a recession is defined as the month when aggregate economic activity in the U. S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. According to NBER, the 1973-75 recession began in November 1973 and ended in March 1975, the 1980 recession began in January 1980 and ended in July 1980, and the 1981-82 recession began in July 1981 and ended in November 1982.

SEASONAL ADJUSTMENT

To correlate changes in a time series and changes in the business cycle it is desirable

SEASONAL ADJUSTMENT (continued)

to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

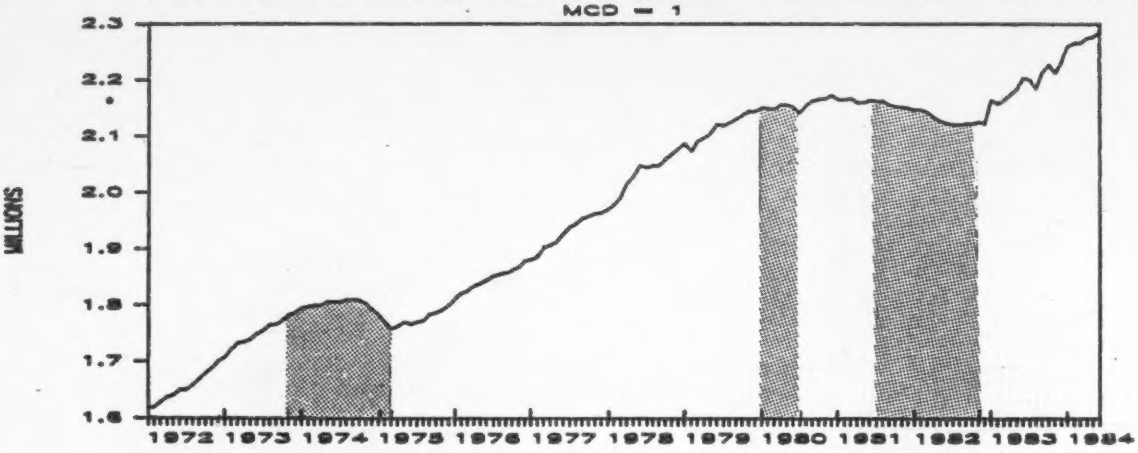
MONTHS FOR CYCLICAL DOMINANCE (MCD)

After seasonal adjustment there often remains a significant degree of purely random change, the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data--the greater the MCD the more random and less cyclically significant are monthly changes in the series. Where noted, charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

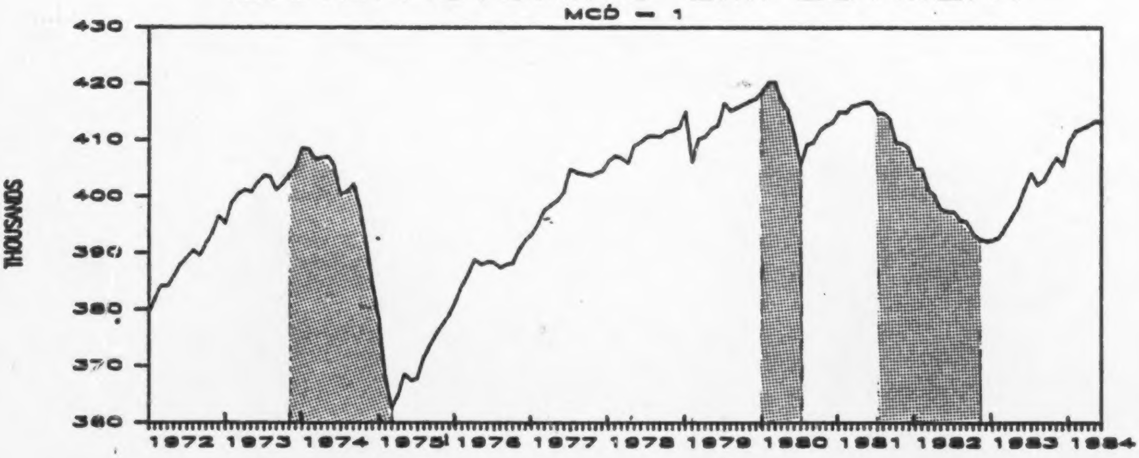
DATA SOURCES

Nonagricultural Wage and Salary Employment	Virginia Employment Commission (VEC)
Manufacturing Employment	VEC
Total Unemployment Rate	VEC
Average Weekly initial Claims	VEC
Average Weekly Insured Unemployment Rate	VEC
Unemployment Insurance Final Payments	VEC
Average Weekly Hours	VEC
Aggregate Manhours	VEC
Average Hourly Earnings	VEC
Average Weekly Earnings	VEC
New Business Incorporations	Virginia State Corporation Commission
Valuation of Building Permits - 18 Cities	Local Building Inspectors
New Vehicle Registration	Virginia State Division of Motor Vehicles
Commercial and Industrial Power Sales	VEPCO, Appalachian Power Co., Delmarva Electric Co., Tennessee Power Company

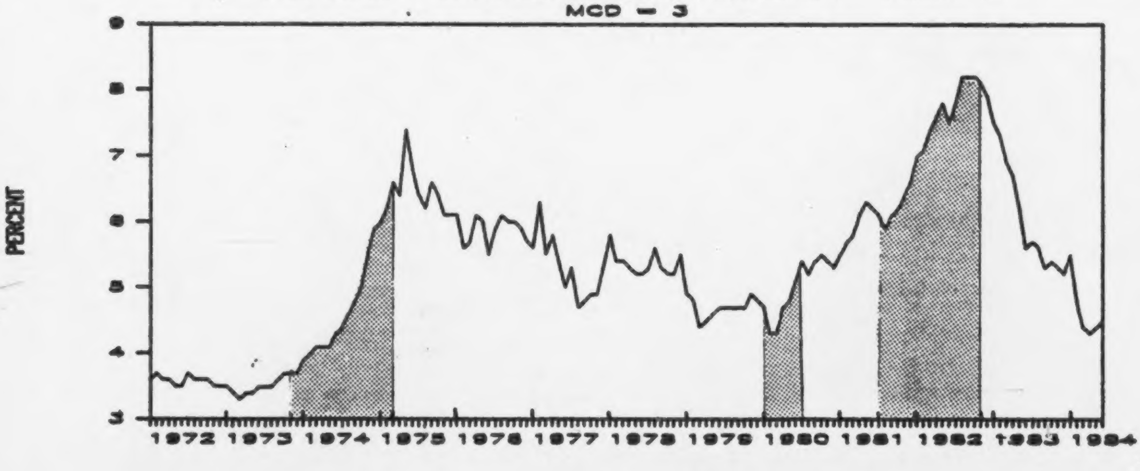
NONAG WAGE & SALARY EMPLOYMENT

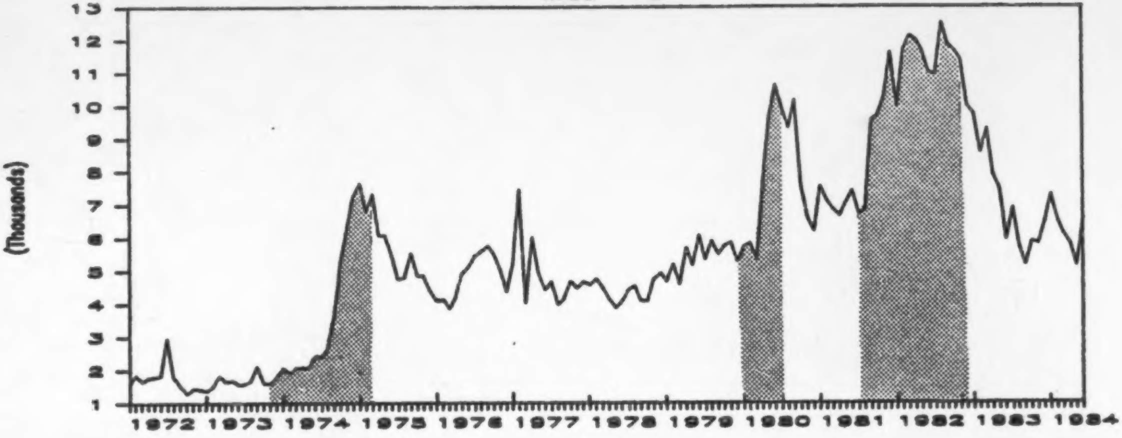


MANUFACTURING EMPLOYMENT

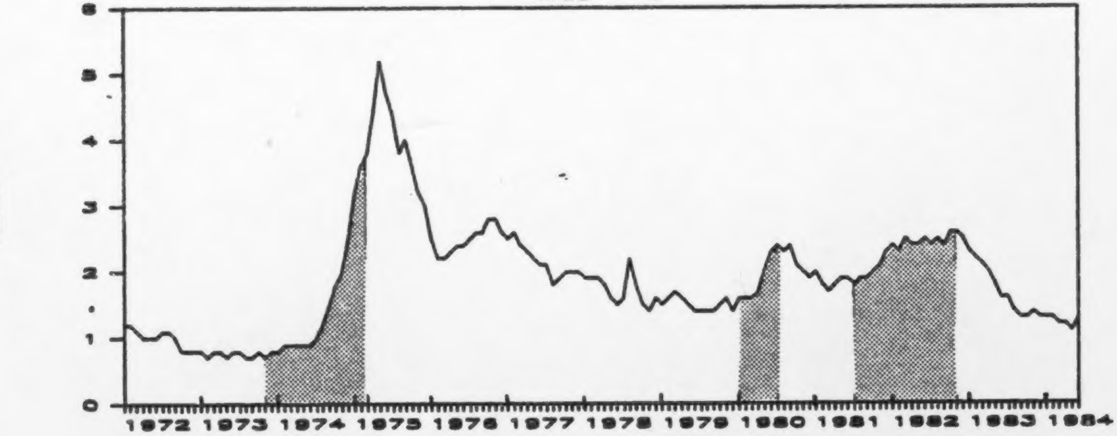


TOTAL UNEMPLOYMENT RATE

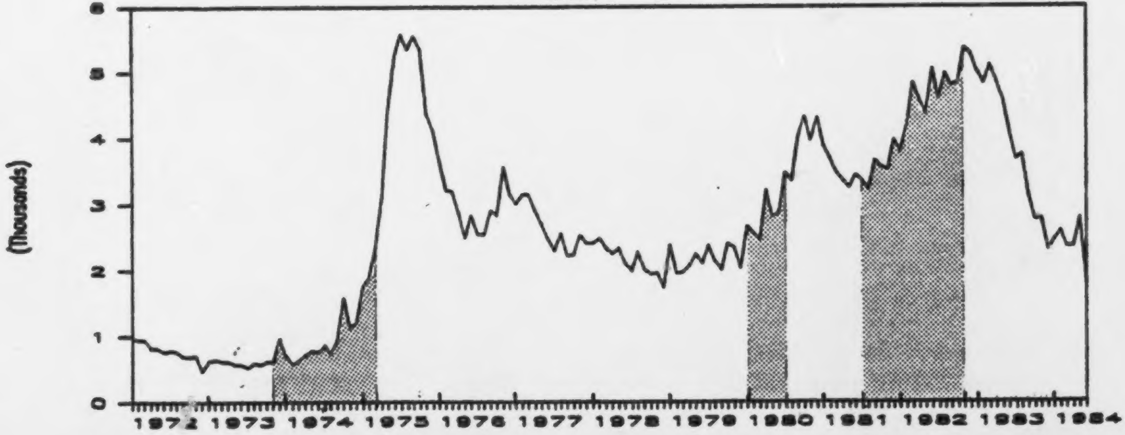




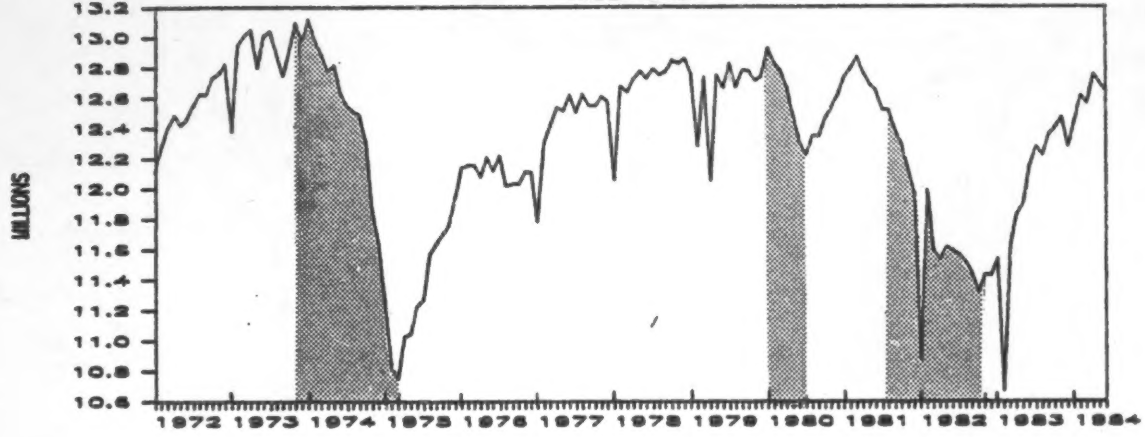
AVERAGE WEEKLY INITIAL CLAIMS
MCD – 3

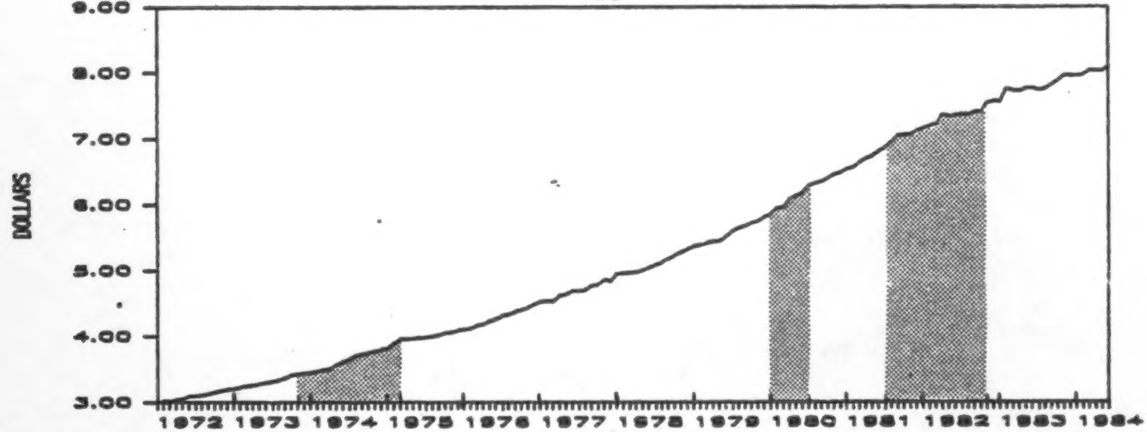


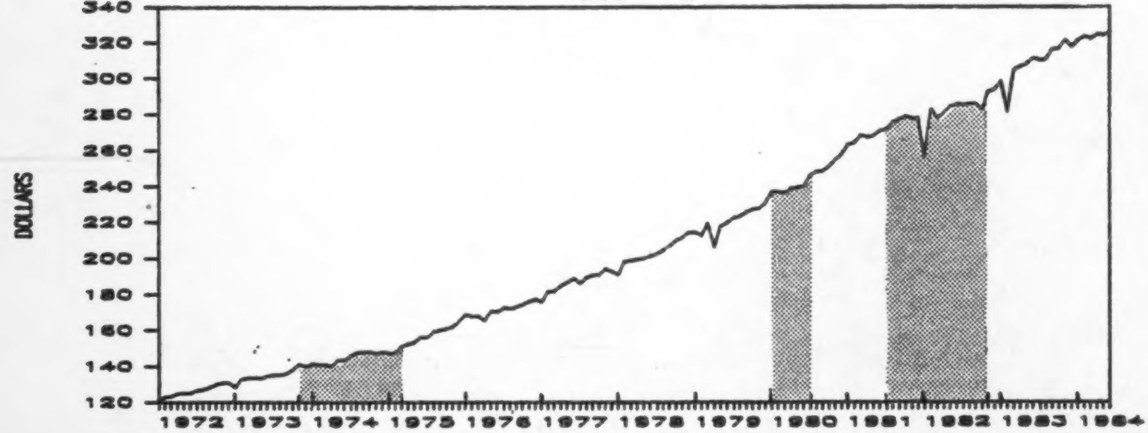
INSURED UNEMPLOYMENT RATE
MCD – 2

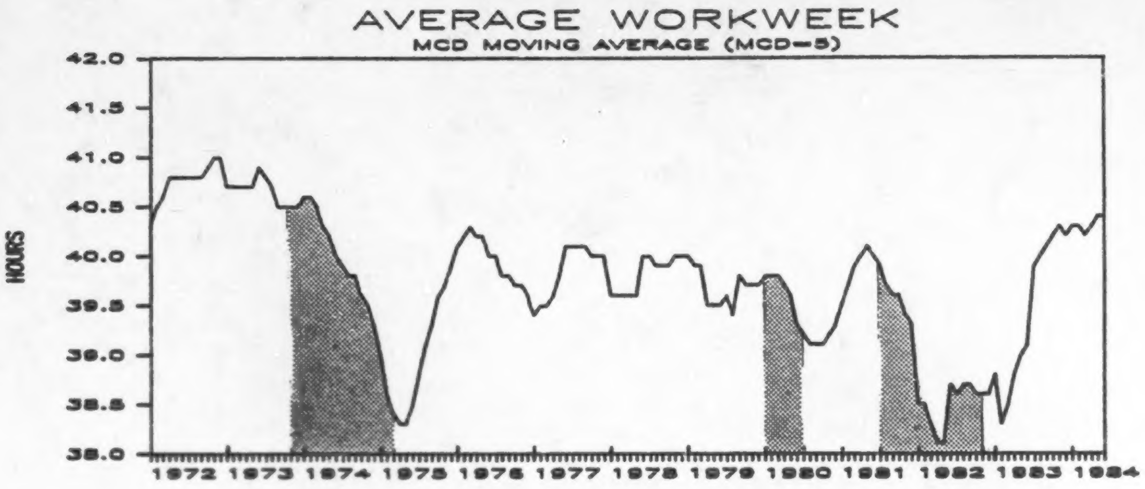


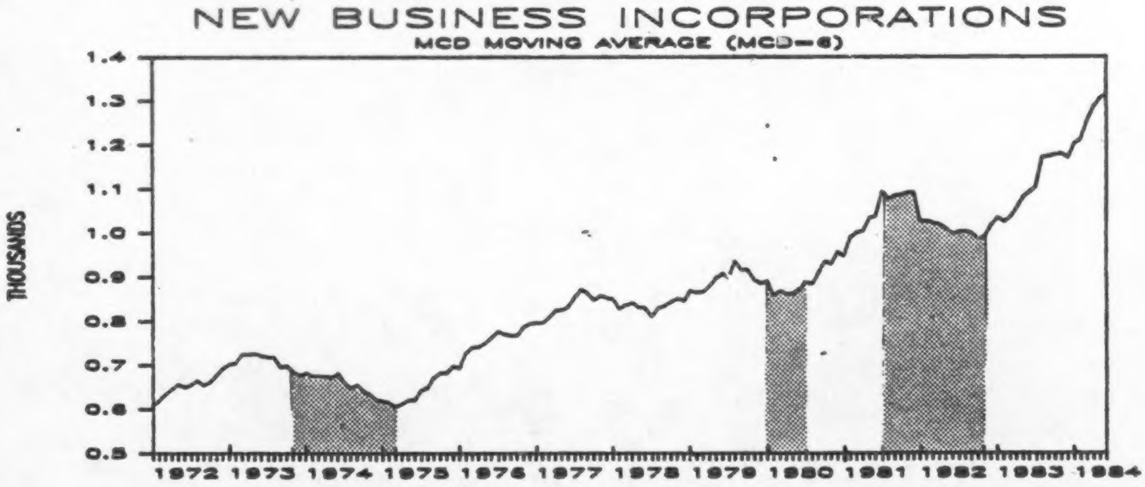
U. I. FINAL PAYMENTS
MCD – 2

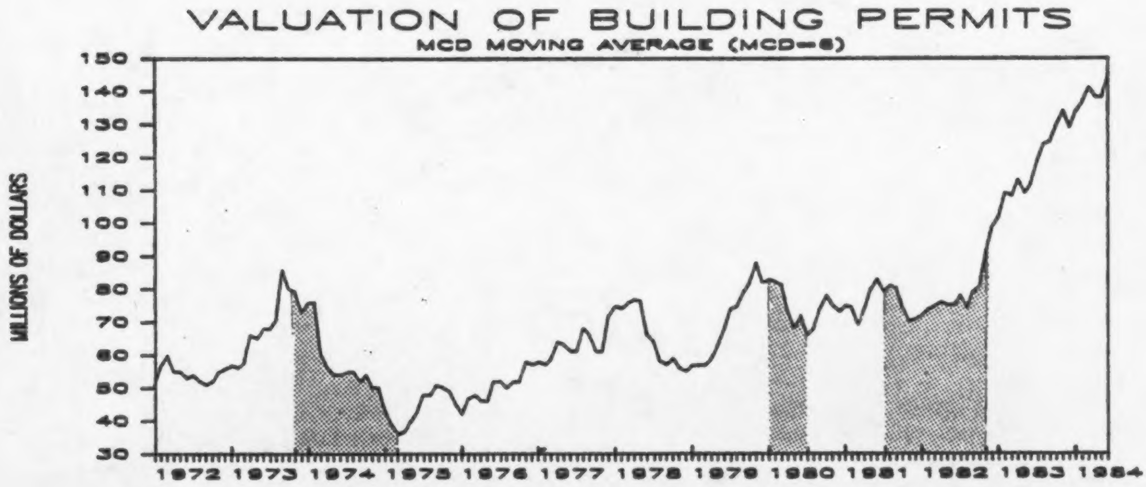

MANHOURS
MCD — 2


AVERAGE HOURLY EARNINGS
MCD — 1


AVERAGE WEEKLY EARNINGS
MCD — 2

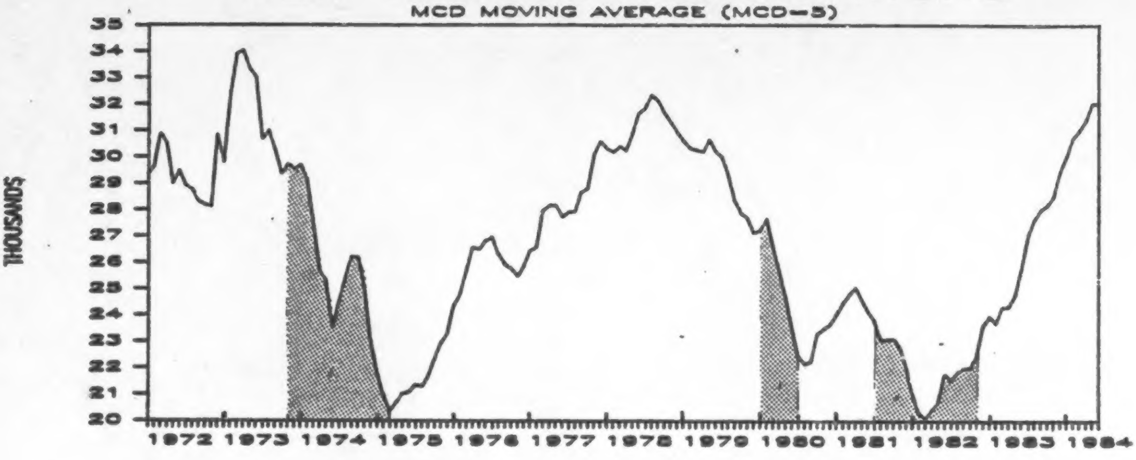

AVERAGE WORKWEEK
MCD MOVING AVERAGE (MCD-5)
HOURS
42.0
41.5
41.0
40.5
40.0
39.5
39.0
38.5
38.0
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984


NEW BUSINESS INCORPORATIONS
MCD MOVING AVERAGE (MCD-6)
THOUSANDS
1.4
1.3
1.2
1.1
1.0
0.9
0.8
0.7
0.6
0.5
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984


VALUATION OF BUILDING PERMITS
MCD MOVING AVERAGE (MCD-6)
MILLIONS OF DOLLARS
150
140
130
120
110
100
90
80
70
60
50
40
30
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

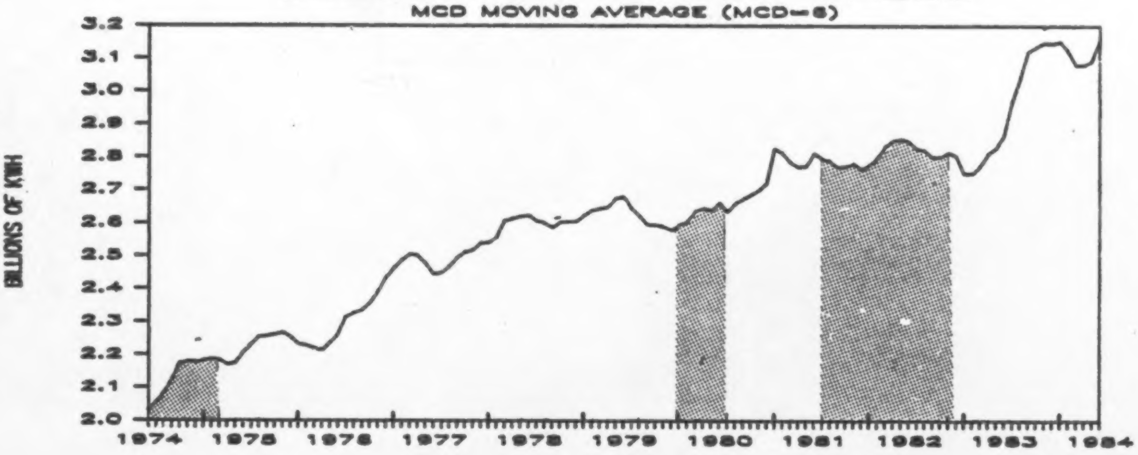
NEW VEHICLE REGISTRATIONS

MCD MOVING AVERAGE (MCD-5)



ELECTRICAL POWER SALES

MCD MOVING AVERAGE (MCD-6)

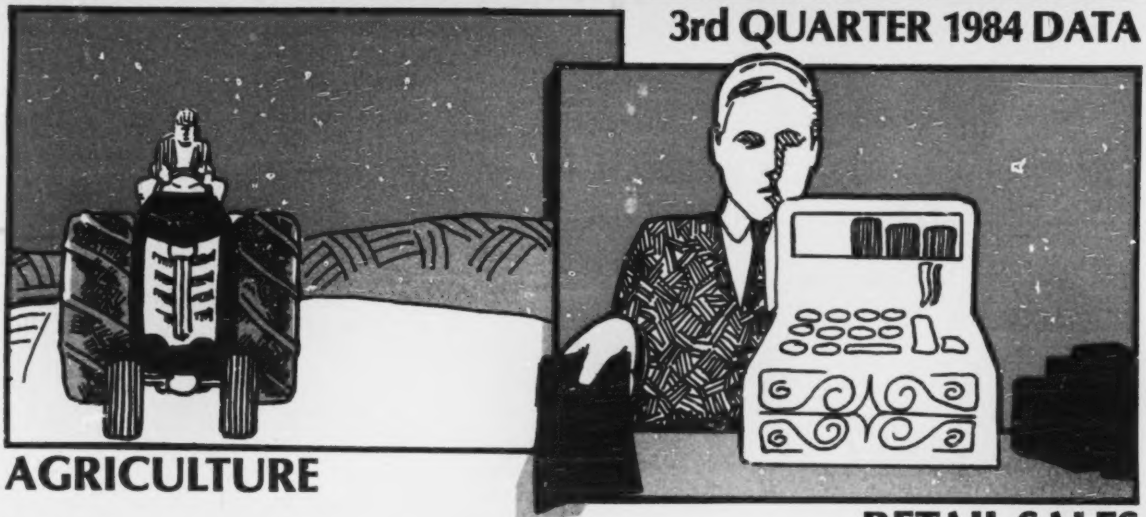


1/28/85 S8205-4 A-

VIRGINIA ECONOMIC INDICATORS

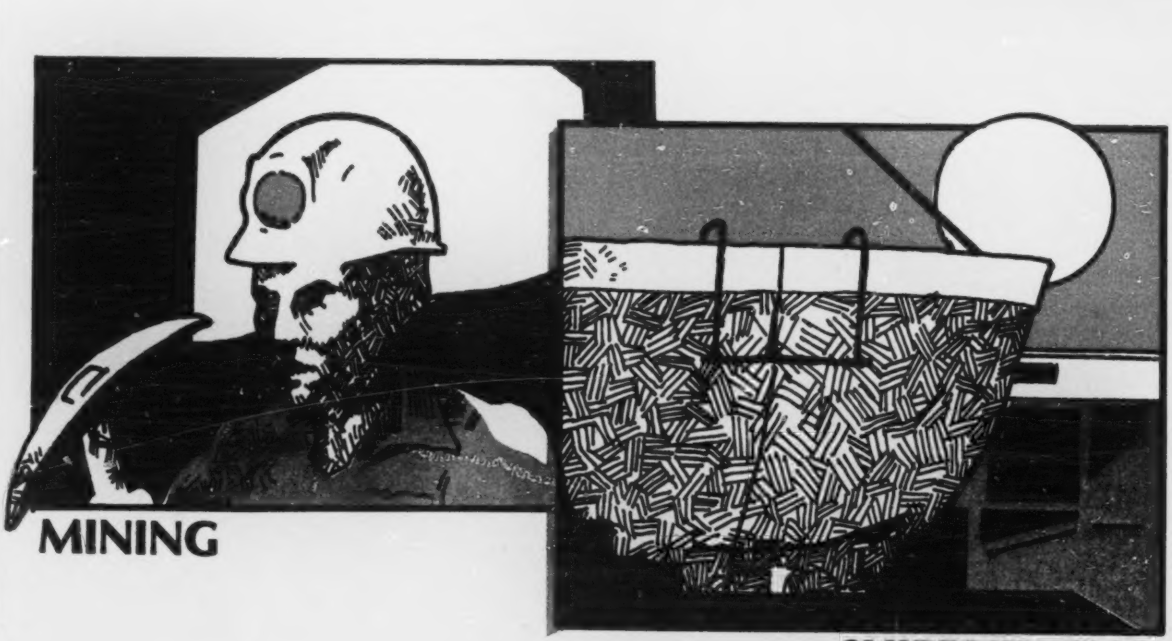
VOL. XV, NO.

3rd QUARTER 1984 DATA



AGRICULTURE

RETAIL SALES



MINING

SHIPBUILDING

Virginia Employment Commission

FOREWORD

This publication is designed to depict the movement of Virginia's key economic indicators in graphic and tabular form with accompanying narrative analysis.

We welcome any comments, suggestions, or questions concerning Virginia Economic Indicators. Please contact Ralph C. Robinson, Director, Research and Analysis Division, P. O. Box 1358, Richmond, Virginia 23211, telephone (804) 786-7496, for additional information or explanation of the contents of this document.

TABLE OF CONTENTS

Page

FOREWORD ii

THE U. S. ECONOMIC LINKAGE WITH THE VIRGINIA ECONOMY vi

VIRGINIA ECONOMIC HIGHLIGHTS, THIRD QUARTER 1984 vii

COMMENTS ON VIRGINIA ECONOMIC INDICATORS, THIRD QUARTER 1984 1

EMPLOYMENT AND UNEMPLOYMENT INDICATORS, JANUARY 1983 TO SEPTEMBER 1984. . 4

- Nonagricultural Wage & Salary Employment
- Manufacturing Employment
- Total Unemployment Rate
- Average Weekly Initial Claims
- Average Weekly Insured Unemployment Rate
- U. I. Final Payments

MANUFACTURING PRODUCTION WORKER INDICATORS, JANUARY 1983 TO SEPTEMBER 1984 6

- Average Weekly Hours
- Aggregate Manhours
- Average Hourly Earnings
- Average Weekly Earnings

BUSINESS INDICATORS, JANUARY 1983 TO SEPTEMBER 1984 8

- New Business Incorporations
- Valuation of Building Permits
- New Vehicle Registrations
- Electrical Power Sales
- Taxable Retail Sales

DATA SUMMARY, SEPTEMBER 1984 10

SUMMARY: MOVEMENT OF INDICATORS, JANUARY 1983 TO SEPTEMBER 1984 10

DATA SUMMARY, JULY AND AUGUST 1984 11

SEASONALLY ADJUSTED EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA, THIRD QUARTER 1983 AND 1984 12

COAL MINING IN VIRGINIA: FACT AND FIGURES 13

HISTORICAL SUMMARY, PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE . . 14

THE U. S. ECONOMIC LINKAGE WITH THE VIRGINIA ECONOMY

Some Virginia silver lining lightens the darker U. S. economic clouds.

- U. S. defense spending continues to steady military spending in Virginia;
- Easing U. S. monetary policy spells:
  - Declining interest rates;
  - Breaking of declines in:
    - Car sales;
    - Housing sales;
    - Business investment;
  - Weakening of U. S. dollar; and
  - Curbing of imports,

Which spells relief for Virginia textiles and apparel.

- Lean inventories suggest room for reorders;
- Stable consumer confidence and rising Virginia incomes suggest strong holiday sales;
- Stable Virginia tourism adds another boost.

Caution about all the clouds rolling away stems from:

- Federal budget deficit pressure on interest rates in late '85, and a reactive;
- Weakening in the long bond market as long investors go short (Corp. AA yields already back to year-ago levels);
- Tax policy talk with more bark than bite because of:
  - No effect in '85;
  - Neutral impact on revenues;
  - No encouragements for interest rate hikes;

but, with indexing, provides:

- No help on keeping revenues on pace with government spending.

By next quarter we will know whether holiday retail sales show the expected strength in Virginia's sustained personal income rise and where the U. S. economic cards are falling in relation to Virginia's economic bets.

VIRGINIA ECONOMIC HIGHLIGHTS
Third Quarter 1984

- New car registrations hit an all-time high of 42,134 in July. Compared with the third quarter of 1983, new car registrations rose by 22 percent.

- Taxable retail sales figures captured the surge in tourist activity during the third quarter and rose 16 percent over the year.

- Coal production totaled 10.0 million short tons in the third quarter, 16.4 percent above third quarter 1983. Mining employment rose by 1,200 over the year.

- Growth in the dollar value of building permits slowed to 5.0 percent over the year, reflecting the rise in interest rates during the summer months.

- Nonagricultural employment continued to rise at a healthy pace over the year. The third quarter seasonally adjusted average was 2,289,000, 85,000 jobs, or 3.9 percent over third quarter 1983.

    - Wholesale and retail trade was spurred by consumer purchases of both durable and nondurable items and averaged 509,000 during the quarter, a 6.1 percent jump over third quarter 1983.

    - The continued vigor in the housing market pushed finance, insurance, and real estate to 116,000, a 4.9 percent increase over the year.

    - Services was buoyed by tourist activity and rose to 473,000 in the third quarter.

    - Durable goods manufacturers fared well during the quarter, especially the Machinery category which showed a quantum jump in employment of 27.2 percent over the year. The performance of the Machinery industry was indicative of increased capital goods orders during this stage of the recovery.

    - Defense contracts spurred the transportation equipment category by 4.4 percent over third quarter 1983.

- Seasonally adjusted, Virginia's unemployment rate rose to 5.0 percent during the third quarter, above the second quarter 1984 level of 4.4 percent, but below the third quarter 1983 average of 5.5 percent.

- Manufacturing production workers' wages rose 5.0 percent over the year and averaged $328.17 during the third quarter.

- Consumer prices continued to rise moderately over the year. The National Consumer Price Index for All Urban Consumers was 313.1 for the third quarter (1967 = 100), or 4.2 percent above last year.

- The State Unemployment Insurance Trust Fund approached $250 million at the end of the third quarter, which was the highest level in a decade.

VIRGINIA ECONOMIC INDICATORS

VOL. XVI, NO. 2 THIRD QUARTER DATA

Indicators Continue Decline in the Third Quarter

The performance of the fifteen indicators reflected a continued slowdown in the State's economy during the third quarter after the rapid pace of increase in the earlier stages of the recovery. The pattern of performance in the indicators was uneven during the three months of the quarter with nine indicators rising in July, six up in August, and only four showing improvement during September. None of the fifteen indicators showed improvement during each of the three months.

The six-month moving average of the number of rising indicators (page 10) serves to highlight the declining trend of the composite series during the past twelve months. The moving average enhances analysis because it smooths out much of the irregularity present in many of the individual series.

Nonagricultural Employment Maintains Steady Growth But Other Indicators Signal Slowdown

After a 0.6 percent decline between June and July, seasonally adjusted nonagricultural employment showed a strong rebound during August and September. The August expansion rate was 0.4 percent while, in September, employment surged by 0.9 percent, or by a 10.8 percent annual rate. For the third quarter, nonagricultural employment was 3.9 percent higher than it was during the third quarter of 1983.

The trends in the several individual employment categories continued to be of the underlying strength in the economy. As the recovery has been led by construction and consumer spending, the employment categories most closely related to those sectors have outperformed the balance of the nonagricultural industries. Retail trade showed 6.9 percent growth between the third quarters of 1983 and 1984; construction expanded by 11.6 percent; and real estate employment rose at a 7.2 percent rate.

With the exception of some durable goods industries, manufacturing employment continued to lag behind the nonmanufacturing sectors. After posting an increase in July, seasonally adjusted manufacturing employment saw declines in August and September. Manufacturing employment grew by only about 1.8 percent in the third quarter over the year before. The brightest spot among the manufacturing industries was the nonelectrical machinery category, which was up by 27.2 percent over the year before. The surge of employment in this category can be traced to increased demand for capital goods which usually occurs during the later stages of a recovery. Transportation equipment boosted employment by 4.4 percent as a result of defense contracts in the shipyards.

The other indicators related to manufacturing further emphasized the slowdown in factory production. Average weekly hours, aggregate manhours, average hourly earnings, and average weekly earnings advanced between June and July but, by September, all had fallen below their previous month's levels. Most notably, in September, manufacturing production workers worked an average of one-half hour less than they had the same month in 1983.

After showing positive trends for most of the year, the seasonally adjusted average weekly initial claims total rose in September. Since the rise in initial claims has not yet been reflected in continued weeks claimed, the insured unemployment rate continued to improve during the quarter, dropping to 1.0 percent in September. The total unemployment rate, however, showed the opposite trend and rose to a seasonally adjusted 5.2 percent in September, reflecting an unusually high number of new entrants during that month. Although the number of UI final payments rose in July and August from its previous month's level, it dropped by 29 percent in September. This indicator accounts, to some degree, for the number of long-term unemployed in the State. For the third quarter, UI final payments showed a 45.6 percent decline from the same period in 1983.

The other business-related indicators were reflective of a maturing expansion and rising interest rates during the third quarter. Most notable was the drop-off in the valuation of building permits issued between August and September. Third quarter building permits were generally higher than they were during the third quarter of 1983, but the rate of over-the-year increase has slowed considerably from previous months.

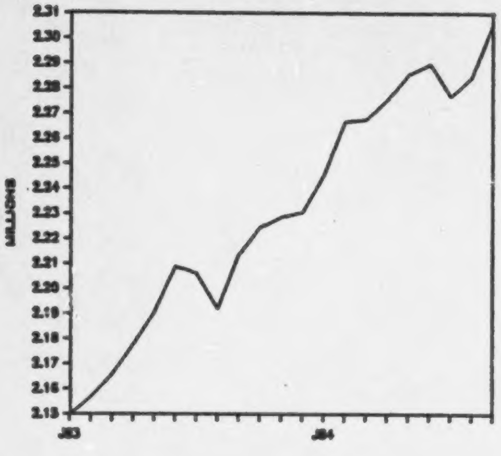
After reaching a peak in July, new vehicle registrations dropped steeply in September, indicative of a short supply of popular 1984 models following record sales in June, July, and August. Strikes at major auto makers also slowed the availability of new 1985 models.

New business incorporations dropped in August and September after increasing in July. Electrical power sales rose between August and September but were down over the year in both months, indicative of somewhat milder weather and a reduction in the use of air-conditioning this year. Taxable retail sales saw slight reductions in July and September from the previous month but, for the third quarter, sales were 16.2 percent ahead of their 1983 levels. Discounting for inflation, sales in real dollars advanced in excess of 12 percent over the year. Fourth quarter statistics are likely to reflect record holiday sales figures.

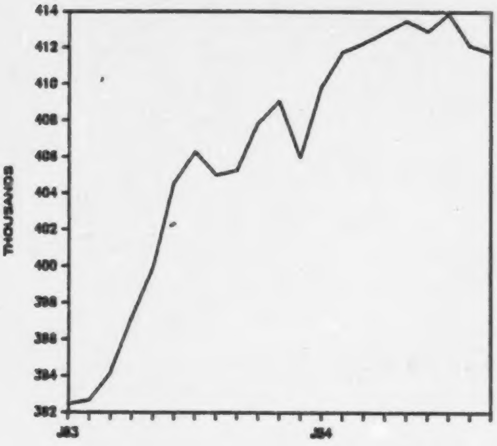
EMPLOYMENT AND UNEMPLOYMENT INDICATORS
January 1983 to September 1984

	Nonagricultural Wage & Salary Emp. (Thousands)		Manufacturing Employment (Thousands)		Total Unemployment Rate (Percent)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	2,121.8	2,149.4	388.5	392.5	8.3	7.5
February	2,115.9	2,156.9	388.8	392.7	8.1	7.2
March	2,139.6	2,165.5	391.6	394.2	7.3	6.9
April	2,168.0	2,178.1	394.1	397.2	6.5	6.6
May	2,192.5	2,191.1	396.6	399.9	6.0	6.2
June	2,232.1	2,208.9	401.5	404.6	5.8	5.5
July	2,215.4	2,205.8	402.5	406.3	5.7	5.7
August	2,199.6	2,191.7	403.4	405.0	5.2	5.6
September	2,229.5	2,214.8	407.7	405.3	4.8	5.3
October	2,238.2	2,225.3	410.3	407.9	5.0	5.4
November	2,224.0	2,228.8	410.9	409.1	5.1	5.3
December	2,251.5	2,230.9	407.6	406.0	5.3	5.2
1984						
January	2,216.4	2,245.6	405.8	409.9	6.1	5.5
February	2,224.1	2,267.2	407.7	411.8	5.4	4.8
March	2,240.3	2,267.5	409.0	412.3	4.7	4.4
April	2,265.0	2,276.4	410.4	412.9	4.3	4.3
May	2,286.1	2,286.1	411.4	413.5	4.3	4.4
June	2,315.4	2,290.3	413.3	412.8	4.7	4.5
July	2,285.6	2,276.7	411.8	413.9	5.1	5.1
August	2,291.6	2,284.7	413.3	412.1	4.4	4.7
September	2,321.9	2,305.8	416.2	411.7	4.7	5.2

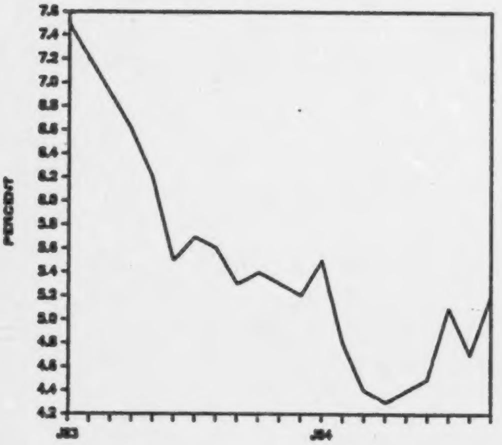
	Average Weekly Initial Claims (Number)		Avg. Wkly. Insured Unemployment Rate (Percent)		U.I. Final Payments (Number)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	16,327	9,726	3.3	2.3	4,847	5,001
February	8,524	8,573	2.9	2.2	4,416	4,824
March	8,452	9,299	2.6	2.1	6,119	5,113
April	6,905	7,888	2.1	2.0	6,213	4,865
May	5,921	7,440	1.6	1.8	5,002	4,577
June	5,052	5,927	1.4	1.6	4,601	4,104
July	6,489	6,914	1.4	1.6	3,803	3,673
August	4,277	5,743	1.2	1.4	3,459	3,757
September	3,830	5,166	1.0	1.3	2,621	3,109
October	4,983	5,888	1.0	1.3	2,169	2,759
November	5,698	5,808	1.2	1.4	2,375	2,782
December	10,789	6,485	1.3	1.3	2,284	2,298
1984						
January	12,255	7,312	1.9	1.3	2,375	2,459
February	6,459	6,537	1.7	1.3	2,368	2,594
March	5,584	6,103	1.5	1.2	2,814	2,345
April	5,033	5,785	1.2	1.2	3,016	2,360
May	4,098	5,142	1.0	1.1	3,031	2,794
June	5,580	6,596	1.1	1.3	1,987	1,765
July	5,956	6,370	1.0	1.1	2,134	2,075
August	4,108	5,551	0.9	1.1	1,972	2,141
September	4,213	5,678	0.8	1.0	1,434	1,517



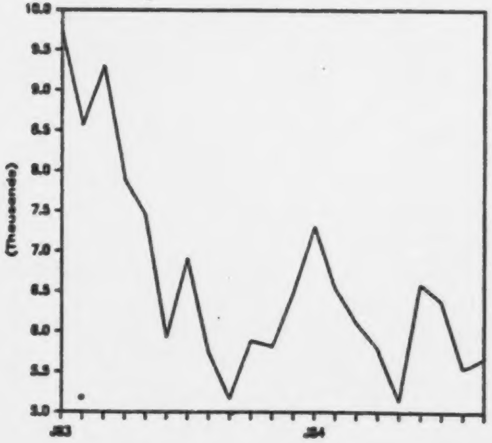
NONAG W & S EMPLOYMENT



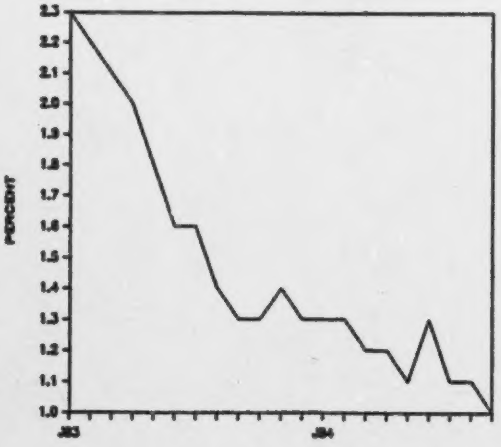
MANUFACTURING EMPLOYMENT



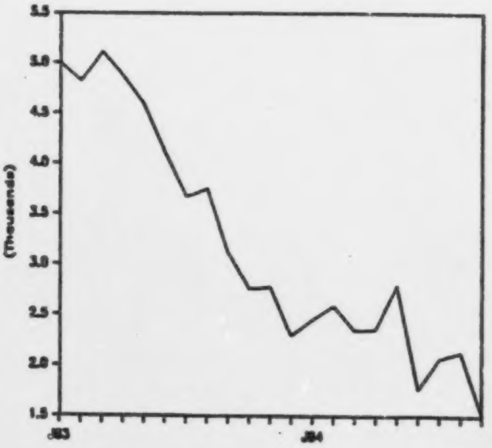
TOTAL UNEMPLOYMENT RATE



AVG. WEEKLY INIT. CLAIMS



INSURED UNEMPLOYMENT RATE



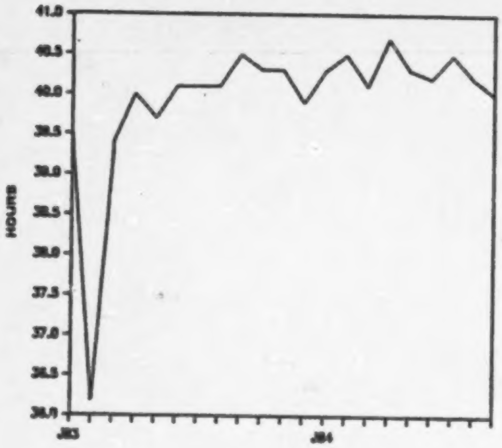
U. I. FINAL PAYMENTS

MANUFACTURING PRODUCTION WORKER INDICATORS
January 1983 to September 1984

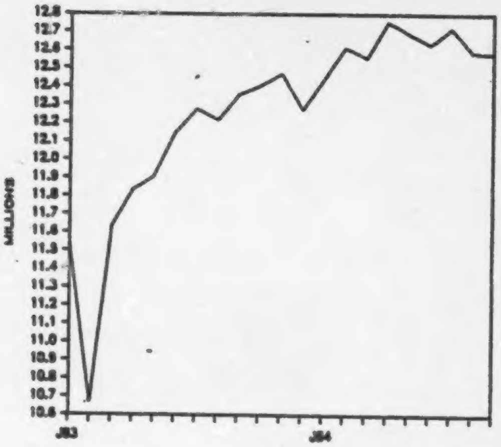
	Average Weekly Hours (Hours)		Aggegate Manhours (Thousands)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	38.9	39.5	11,310.4	11,538.6
February	35.7	36.2	10,423.3	10,670.2
March	39.2	39.4	11,468.3	11,634.5
April	39.4	40.0	11,617.7	11,837.2
May	39.6	39.7	11,799.8	11,910.0
June	40.5	40.1	12,271.2	12,149.6
July	39.9	40.1	12,140.5	12,278.9
August	40.2	40.1	12,271.9	12,217.0
September	40.8	40.5	12,589.5	12,359.6
October	40.5	40.3	12,623.7	12,408.1
November	40.9	40.3	12,771.0	12,472.1
December	40.5	39.9	12,518.0	12,273.1
1984				
January	39.7	40.3	12,193.6	12,442.4
February	39.9	40.5	12,312.1	13,614.9
March	39.9	40.1	12,380.9	13,556.7
April	40.1	40.7	12,514.2	12,756.6
May	40.2	40.3	12,576.3	12,690.5
June	40.7	40.2	12,769.7	12,630.8
July	40.3	40.5	12,580.9	12,720.8
August	40.3	40.2	12,650.5	12,587.6
September	40.3	40.0	12,806.6	12,580.2

	Average Hourly Earnings (Dollars)		Average Weekly Earnings (Dollars)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	7.64	7.55	297.20	298.59
February	7.76	7.76	277.03	281.35
March	7.71	7.72	302.23	304.77
April	7.71	7.72	303.77	306.84
May	7.74	7.77	306.50	308.34
June	7.73	7.77	313.07	311.58
July	7.72	7.73	308.03	310.02
August	7.73	7.76	310.75	311.12
September	7.82	7.82	319.06	316.45
October	7.85	7.88	317.93	316.88
November	8.01	7.97	327.61	321.45
December	7.95	7.95	321.98	317.38
1984				
January	8.05	7.95	319.59	321.20
February	7.98	7.98	318.40	323.58
March	8.03	8.04	319.20	321.77
April	8.02	8.03	321.60	324.85
May	8.01	8.03	322.00	323.94
June	8.06	8.11	328.04	326.01
July	8.12	8.14	327.24	329.67
August	8.16	8.19	328.85	329.24
September	8.14	8.14	328.04	325.60

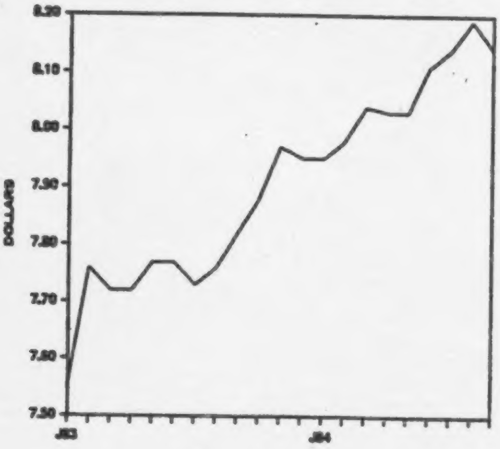
AVERAGE WEEKLY HOURS



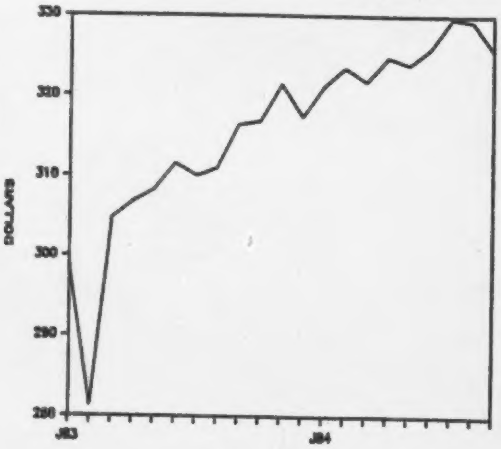
AGGREGATE MANHOURS



AVERAGE HOURLY EARNINGS



AVERAGE WEEKLY EARNINGS



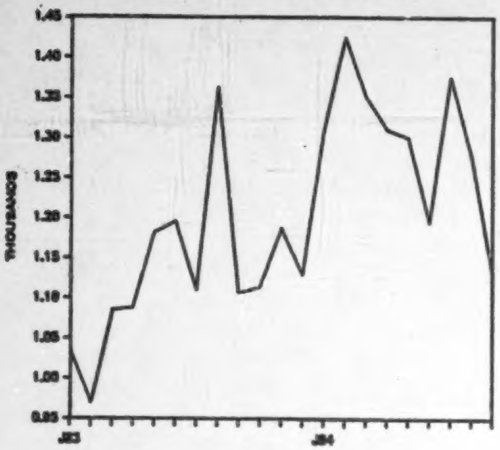
BUSINESS INDICATORS

January 1983 to September 1984

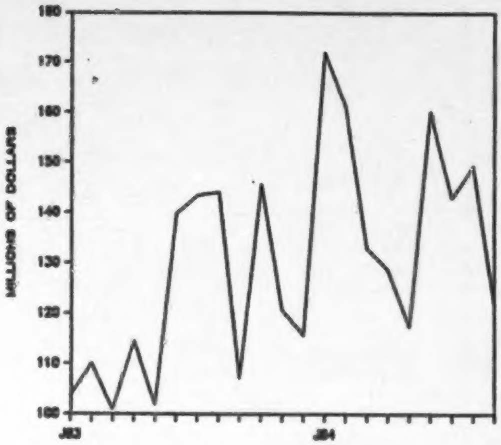
	New Business Incorporations (Number)		Valuation of Bldg. Permits ($ Millions)		New Vehicle Registrations (Number)	
1983	Unadj.	Adj.	Unadj.	Unadj.	Unadj.	Adj.
January	1,090	1,034	79.2	103.8	21,960	24,380
February	903	971	75.8	110.2	18,813	21,367
March	1,187	1,086	123.6	100.9	30,021	25,153
April	1,178	1,089	131.2	114.6	29,208	25,574
May	1,186	1,183	107.8	101.8	29,159	27,479
June	1,244	1,197	160.3	140.0	33,613	29,188
July	1,006	1,110	160.7	143.6	30,651	27,882
August	1,374	1,364	141.4	144.2	30,034	28,108
September	1,102	1,107	106.9	107.1	27,960	27,519
October	1,116	1,115	153.4	145.7	26,103	28,339
November	1,081	1,188	129.8	120.5	26,169	30,854
December	1,113	1,130	86.9	115.6	23,396	32,573
1984						
January	1,373	1,311	130.4	172.0	29,459	32,878
February	1,329	1,426	111.1	161.2	28,700	32,466
March	1,476	1,350	163.5	132.8	34,898	29,179
April	1,417	1,310	147.1	128.5	35,032	30,730
May	1,300	1,300	124.1	117.3	36,395	34,465
June	1,246	1,195	183.5	160.3	37,953	32,860
July	1,243	1,377	158.4	143.0	42,134	38,269
August	1,290	1,278	147.4	149.6	35,989	33,666
September	1,128	1,133	122.5	122.1	30,085	29,524

	Electrical Power Sales (Mil. of KHW)		Taxable Retail Sales ($ Millions)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	3,008.1	2,529.2	1,921.9	2,072.5
February	3,161.2	2,783.9	1,865.8	2,077.1
March	2,886.8	2,821.7	1,950.7	2,126.1
April	2,803.1	3,037.7	2,108.7	2,155.1
May	2,504.7	3,022.5	2,334.0	2,246.4
June	2,751.1	3,021.0	2,158.0	2,136.7
July	3,325.7	3,113.3	2,331.1	2,284.7
August	3,567.0	3,209.4	2,142.6	2,206.3
September	3,448.5	3,328.5	2,271.4	2,229.4
October	2,675.9	3,120.2	2,344.4	2,372.9
November	2,740.3	3,100.2	2,342.2	2,336.7
December	3,086.4	2,991.5	3,059.7	2,492.3
1984				
January	3,777.6	3,169.1	2,236.0	2,406.9
February	3,414.4	3,013.6	2,085.7	2,322.6
March	3,145.6	3,083.9	2,295.5	2,503.3
April	2,882.9	3,120.0	2,427.9	2,485.1
May	2,639.7	3,188.0	2,723.1	2,618.4
June	3,080.9	3,378.2	2,563.8	2,546.0
July	3,379.9	3,155.8	2,576.8	2,521.3
August	3,416.7	3,075.3	2,600.0	2,674.9
September	3,204.7	3,099.3	2,653.4	2,611.6

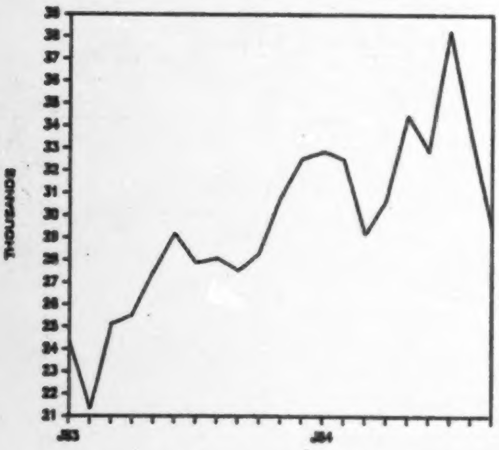
NEW BUSINESS INCORPORATIONS



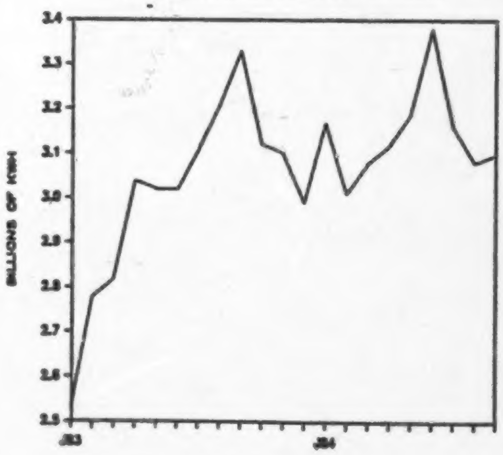
VALUATION OF BUILDING PERMITS



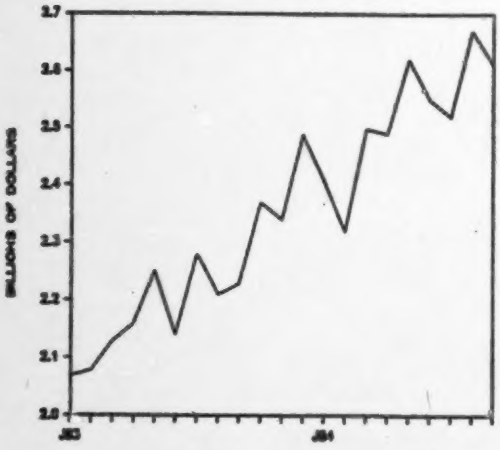
NEW VEHICLE REGISTRATIONS



ELECTRICAL POWER SALES



TAXABLE RETAIL SALES

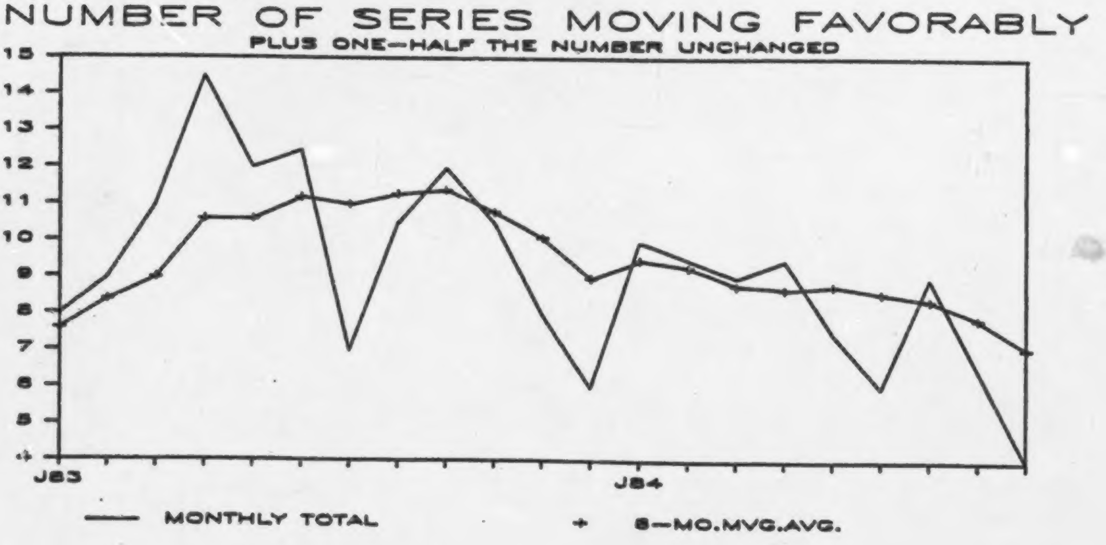


DATA SUMMARY SEPTEMBER 1984 (SEASONALLY ADJUSTED DATA)	Sept. 1984	Aug. 1984	Sept. 1983	Percent & (Direction) 1/ of Change Aug. - Sept.
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,305.8	2,284.7	2,214.2	+ 0.9 (+)
*Manufacturing Employment (000)	411.7	412.1	405.3	- 0.1 (-)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	5.2	4.7	5.3	+10.6 (-)
Average Weekly Initial Claims	5,678	5,551	5,166	+ 2.3 (-)
Average Weekly Insured Unemployment Rate (%)	1.0	1.1	1.3	- 9.1 (+)
Unemployment Insurance Final Payments	1,517	2,141	3,109	-29.1 (+)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.0	40.2	40.5	- 0.5 (-)
*Aggregate Manhours (000)	12,580.2	12,587.6	12,359.6	- 0.1 (-)
*Average Hourly Earnings ($)	8.14	8.19	7.82	- 0.1 (-)
*Average Weekly Earnings ($)	325.60	329.24	316.45	- 1.1 (-)
BUSINESS				
New Business Incorporations	1,133	1,278	1,107	-11.3 (-)
Valuation of Building Permits - 18 Cities ($M)	122.1	149.6	107.1	-18.4 (-)
New Vehicle Registrations	29,524	33,666	27,519	-12.3 (-)
Electrical Power Sales (B of KWH)	3.099	3.075	3.329	+ 0.8 (+)
Taxable Retail Sales ($B)	2.612	2.675	2.229	- 2.4 (-)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Current month's figures for these series are considered preliminary and are often revised the following month.

SUMMARY



DATA SUMMARY
AUGUST 1984
(SEASONALLY ADJUSTED DATA)

	Aug. 1984	July 1984	Aug. 1983	Percent & (Direction) 1/ of Change July - Aug.
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,284.7	2,276.7	2,191.7	+ 0.4 (+)
*Manufacturing Employment (000)	412.1	413.9	405.0	- 0.4 (-)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	4.7	5.1	5.6	- 7.8 (+)
Average Weekly Initial Claims (000)	5,551	6,370	5,743	-12.9 (+)
Average Weekly Insured Unemployment Rate (%)	1.1	1.1	1.6	0.0 (0)
Unemployment Insurance Final Payments (000)	2,141	2,075	3,673	+ 3.2 (-)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.2	40.5	40.1	- 0.7 (-)
*Aggregate Manhours (M)	12,587.6	12,720.8	12,217.0	- 1.0 (-)
*Average Hourly Earnings ($)	8.19	8.14	7.76	+ 0.6 (+)
*Average Weekly Earnings ($)	329.24	329.67	311.12	- 0.1 (-)
BUSINESS				
New Business Incorporations	1,278	1,377	1,364	- 7.2 (-)
Valuation of Building Permits - 18 Cities ($M)	149.6	143.0	144.2	+ 4.6 (+)
New Vehicle Registrations	33,666	38,269	27,882	-12.0 (-)
Electrical Power Sales (B of KWH)	3.075	3.156	3.113	- 2.6 (-)
Taxable Retail Sales ($B)	2.675	2.521	2.206	+ 6.1 (+)

DATA SUMMARY
JULY 1984
(SEASONALLY ADJUSTED DATA)

	July 1984	June 1984	July 1983	Percent & (Direction) 1/ of Change June - July
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,276.7	2,290.2	2,205.8	- 0.6 (-)
*Manufacturing Employment (000)	413.9	412.9	404.6	+ 0.2 (+)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	5.1	4.5	5.7	-13.3 (-)
Average Weekly Initial Claims (000)	6,370	6,596	6,914	- 3.4 (+)
Average Weekly Insured Unemployment Rate (%)	1.1	1.3	1.6	-15.4 (+)
Unemployment Insurance Final Payments (000)	2,075	1,765	3,673	+17.6 (-)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.5	40.2	40.1	+ 0.7 (+)
*Aggregate Manhours (M)	12,720.8	12,630.8	12,278.9	+ 0.7 (+)
*Average Hourly Earnings ($)	8.14	8.11	7.73	+ 0.4 (+)
*Average Weekly Earnings ($)	329.67	326.01	310.02	+ 1.1 (+)
BUSINESS				
New Business Incorporations	1,377	1,195	1,110	+15.2 (+)
Valuation of Building Permits - 18 Cities ($M)	143.0	160.3	143.6	-10.8 (-)
New Vehicle Registration	38,269	32,860	27,882	+16.5 (+)
Electrical Power Sales (B of KWH)	3.156	3.378	3.113	- 6.6 (-)
Taxable Retail Sales ($M)	2.521	2.546	2.137	- 1.0 (-)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

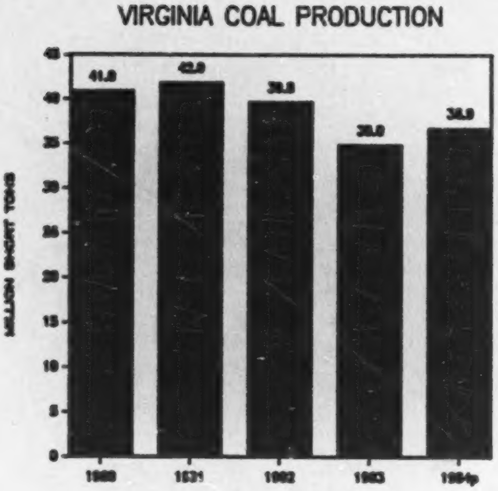
* Current month's figures for these series are considered preliminary and are often revised the following month.

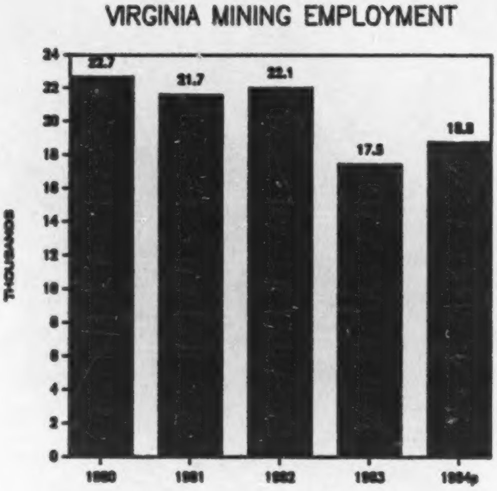
SEASONALLY ADJUSTED EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA
Third Quarter 1983 and 1984
(In Thousands)

	Sept. 1984	Aug. 1984	July 1984	Sept. 1983	Aug. 1983	July 1983
TOTAL NONAGRICULTURAL	2,305.8	2,284.7	2,276.7	2,214.9	2,191.7	2,205.8
MANUFACTURING	411.7	412.1	413.9	403.2	402.1	404.3
Durable Goods	193.7	194.6	194.9	184.2	183.7	185.4
Lumber & Wood Products	22.0	22.2	22.3	21.5	21.7	21.4
Furniture & Fixtures	23.6	24.0	24.4	23.2	23.4	24.3
Stone, Clay & Glass Products	13.2	13.2	13.1	12.4	12.7	12.3
Primary Metal Industries	10.9	11.1	11.2	10.3	10.3	10.4
Fabricated Metal Products	18.9	18.6	18.6	18.3	18.3	18.2
Machinery (except Electrical)	15.9	15.9	15.9	13.1	13.1	11.4
Electric & Electronic Equipment	40.3	40.3	39.9	38.5	36.6	37.7
Transportation Equipment	43.1	42.8	42.3	40.7	41.0	41.0
Instruments & Related Products	3.3	3.3	3.5	3.3	3.4	3.4
Misc. Manufacturing Industries	2.7	2.8	2.9	2.8	2.8	2.8
Nondurable Goods	218.4	218.1	219.1	219.2	219.1	219.1
Food & Kindred Products	38.3	38.0	38.2	37.8	38.3	38.5
Tobacco Manufactures	14.4	13.8	14.1	16.5	16.5	17.0
Textile Mill Products	43.4	43.7	44.1	44.4	43.9	43.7
Apparel & Other Textile Products	31.1	31.0	31.0	31.0	31.1	30.9
Paper & Allied Products	15.3	15.4	15.4	14.8	14.7	14.6
Printing & Publishing	26.4	26.2	25.9	25.4	25.3	25.2
Chemicals & Allied Products	32.1	32.3	32.5	32.8	32.5	32.4
Petroleum, Rubber & Misc. Plastics Products	14.0	14.1	14.2	13.0	13.0	12.9
Leather & Leather Products	3.3	3.3	3.3	3.4	3.4	3.4
MINING	17.7	18.4	19.7	17.4	17.3	17.6
CONSTRUCTION	129.2	127.9	128.6	115.9	115.2	114.5
TRANSPORTATION & PUBLIC UTILITIES	126.0	126.0	125.2	120.9	108.8	120.2
Railroad Transportation	14.0	13.8	14.3	13.1	13.0	13.3
Trucking & Warehousing	29.1	29.2	28.9	26.9	26.8	26.7
Transportation by Air	14.0	13.9	13.9	13.8	13.6	13.5
Communication	35.8	35.8	35.2	34.6	23.0	34.0
Electric, Gas & Sanitary Services	18.8	18.9	18.9	18.5	18.5	18.5
WHOLESALE & RETAIL TRADE	508.7	507.9	510.5	480.4	480.2	478.3
Wholesale Trade	112.8	112.9	113.2	109.1	109.2	109.1
Retail Trade	395.6	394.9	397.4	370.9	370.9	369.2
FINANCE, INSURANCE & REAL ESTATE	115.4	116.5	116.4	110.0	111.2	110.9
Banking	34.0	34.3	34.2	32.9	33.2	33.2
Insurance Carriers	20.9	20.6	20.6	20.7	20.7	20.7
Real Estate	29.1	29.8	29.9	27.0	28.0	27.9
SERVICES	475.5	472.2	470.1	460.8	459.5	460.8
Personal Services	28.1	27.8	27.5	27.3	27.0	26.8
Business Services	108.9	108.6	108.6	103.3	103.7	103.1
Health Services	121.4	120.5	120.0	119.6	119.2	119.0
GOVERNMENT	519.0	499.5	490.5	503.5	495.0	498.7
Federal Government	164.8	164.3	164.1	165.1	163.8	162.7
State & Local Government	355.5	334.5	326.6	339.6	330.5	336.5

Current month's estimates are preliminary and have been adjusted to first quarter 1983 benchmark levels.

COAL MINING IN VIRGINIA: FACTS AND FIGURES





p - projected

- Virginia accounted for 4.5 percent of all coal production in the United States in 1983.
- During the first nine months of 1984, coal production in Virginia advanced by 14.0 percent over the same period of a year ago. Nationwide, production is 20.3 percent above a year ago.
- Nationally, electrical utilities used 85 percent of all coal consumed in 1983. In Virginia, only 56 percent of coal consumption was by the electrical utility sector because of the extensive use of nuclear power. Nearly 32 percent of the coal consumed in Virginia was by the manufacturing sector.
- Because Virginia produces far more coal than it consumes, the State is a large exporter of coal internationally, and to the rest of the country. Nearly 70 percent of the coal produced in Virginia this year has been shipped outside the State.
- Norfolk, Virginia handles the largest amount of export coal of any customs district in the United States. Through August, 24.7 million short tons passed through Norfolk, or about 45 percent of the U. S. export total.

SOURCE OF DATA: U. S. Department of Energy

HISTORICAL SUMMARY

Performance of Indicators Over the Business Cycle

GENERAL INFORMATION

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The shaded spaces on the charts represent the 1973-75, 1980, and 1981-82 recessions as designated by the National Bureau of Economic Research (NBER). The beginning of a recession is defined as the month when aggregate economic activity in the U. S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. According to NBER, the 1973-75 recession began in November 1973 and ended in March 1975, the 1980 recession began in January 1980 and ended in July 1980, and the 1981-82 recession began in July 1981 and ended in November 1982.

SEASONAL ADJUSTMENT

To correlate changes in a time series and changes in the business cycle it is desirable to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

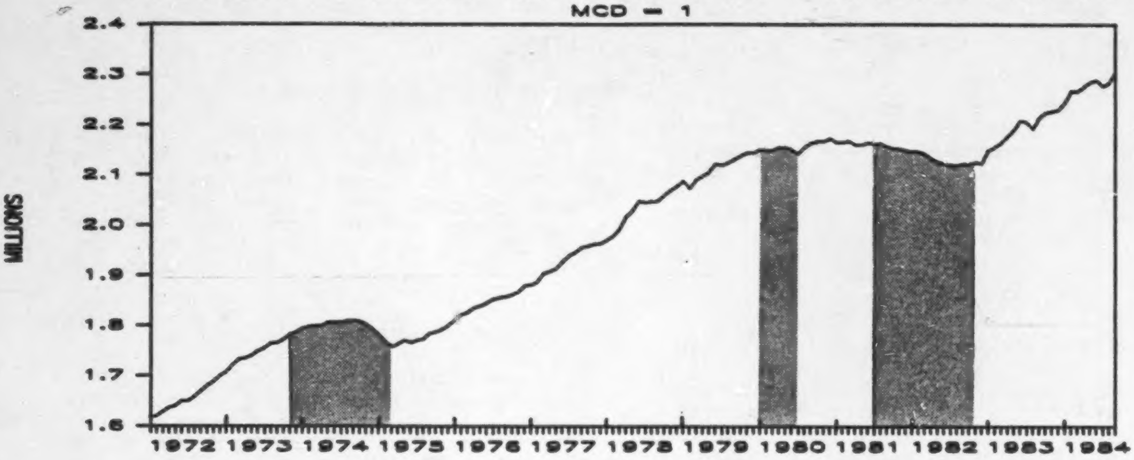
SEASONAL ADJUSTMENT (continued)

MONTHS FOR CYCLICAL DOMINANCE (MCD)

After seasonal adjustment there often remains a significant degree of purely random change, the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data--the greater the MCD the more random and less cyclically significant are monthly changes in the series. Where noted, charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

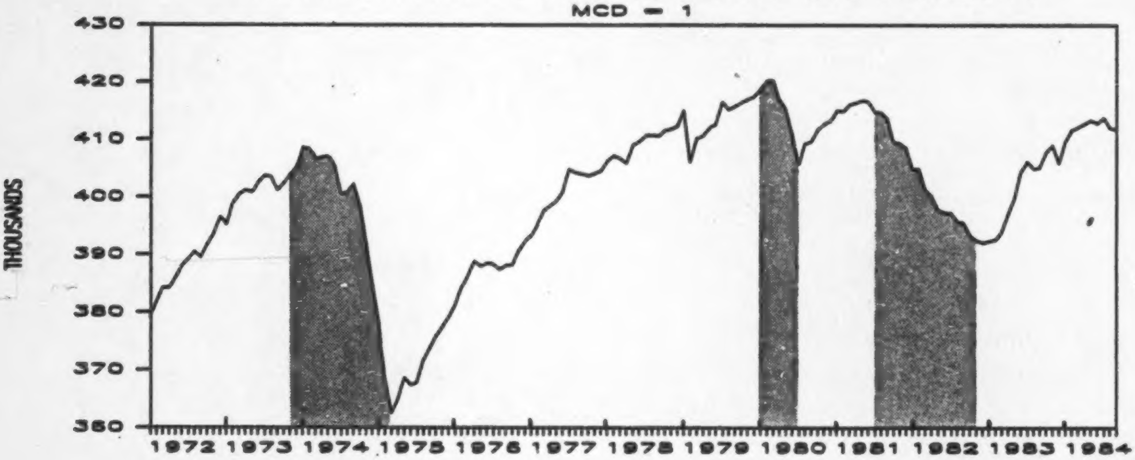
DATA SOURCES

Nonagricultural Wage and Salary Employment	Virginia Employment Commission (VEC)
Manufacturing Employment	VEC
Total Unemployment Rate	VEC
Average Weekly initial Claims	VEC
Average Weekly Insured Unemployment Rate	VEC
Unemployment Insurance Final Payments	VEC
Average Weekly Hours	VEC
Aggregate Manhours	VEC
Average Hourly Earnings	VEC
Average Weekly Earnings	VEC
New Business Incorporations	Virginia State Corporation Commission
Valuation of Building Permits - 18 Cities	Local Building Inspectors
New Vehicle Registration	Virginia State Division of Motor Vehicles
Commercial and Industrial Power Sales	VEPCO, Appalachian Power Co., Delmarva Electric Co., Tennessee Power Company
Taxable Retail Sales	Virginia State Department of Taxation



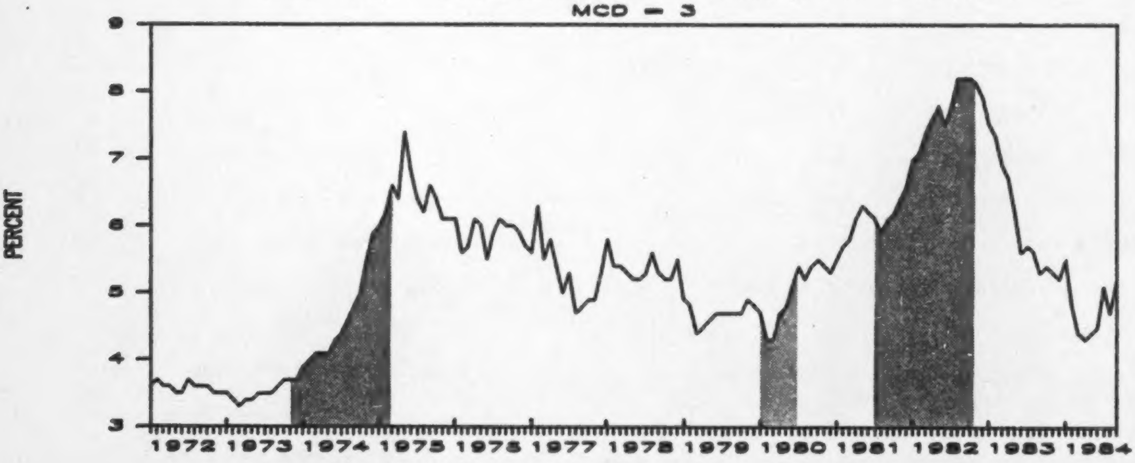
NONAG WAGE & SALARY EMPLOYMENT

MCD = 1



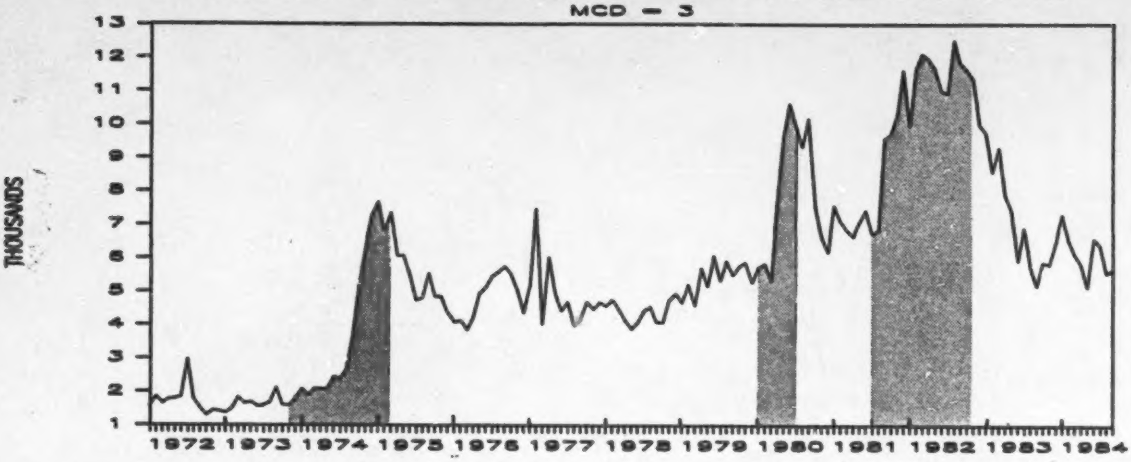
MANUFACTURING EMPLOYMENT

MCD = 1



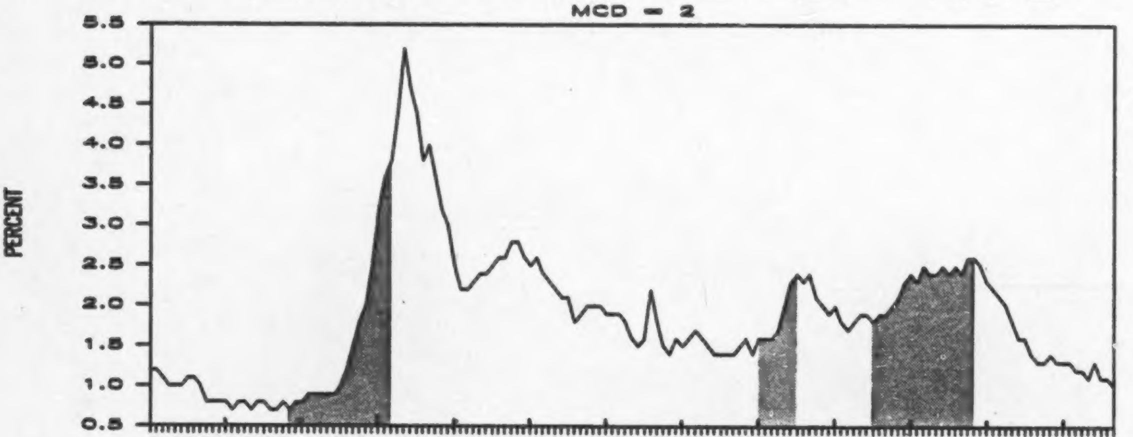
TOTAL UNEMPLOYMENT RATE

MCD = 3



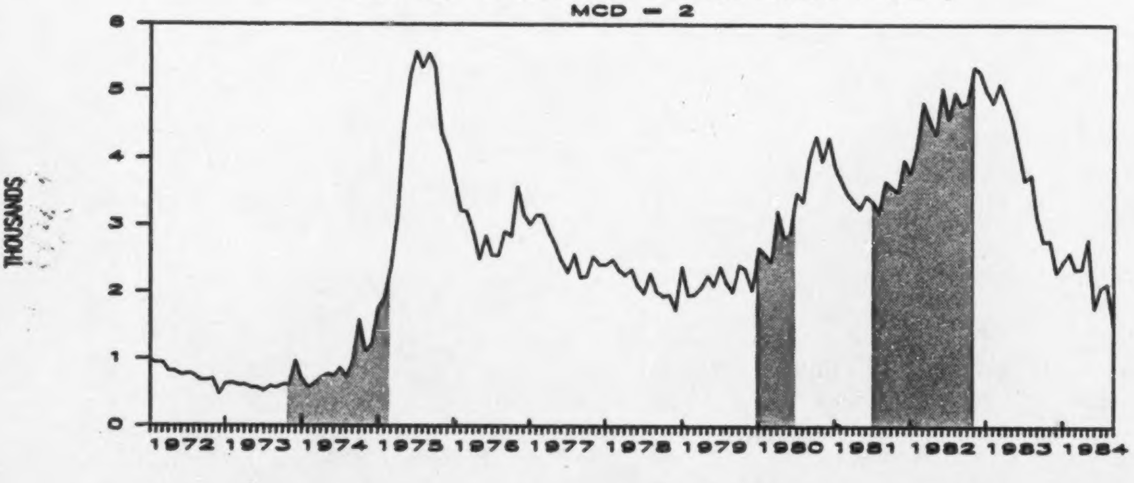
AVERAGE WEEKLY INITIAL CLAIMS

MCD = 3



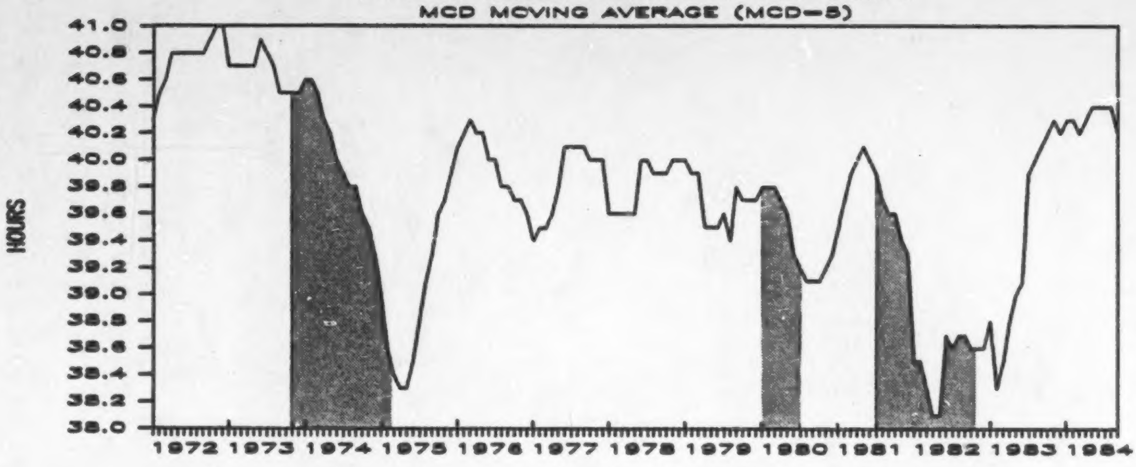
INSURED UNEMPLOYMENT RATE

MCD = 2

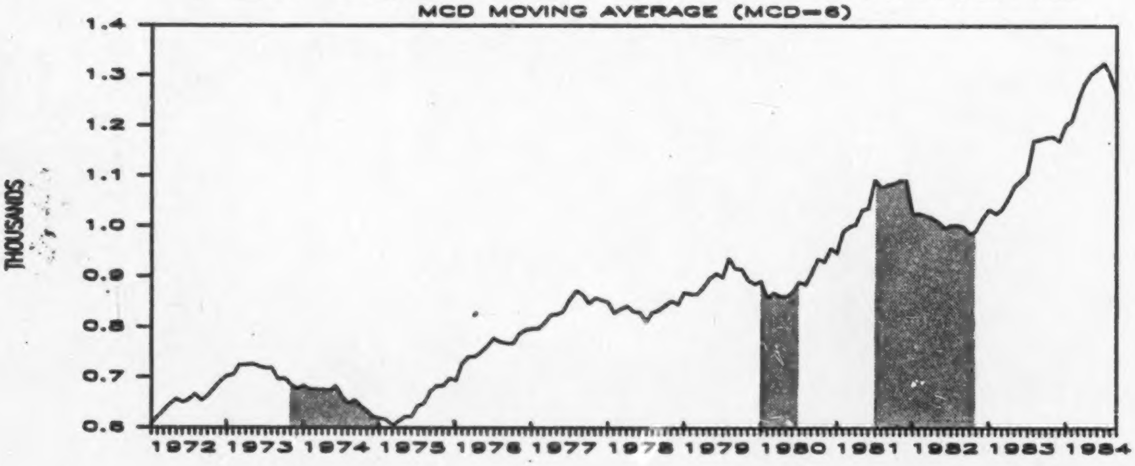


U. I. FINAL PAYMENTS

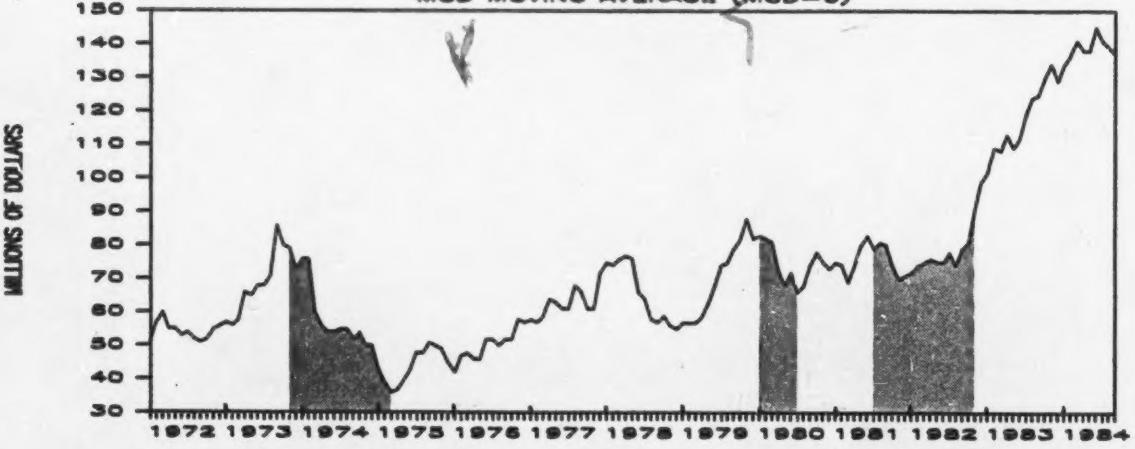
MCD = 2



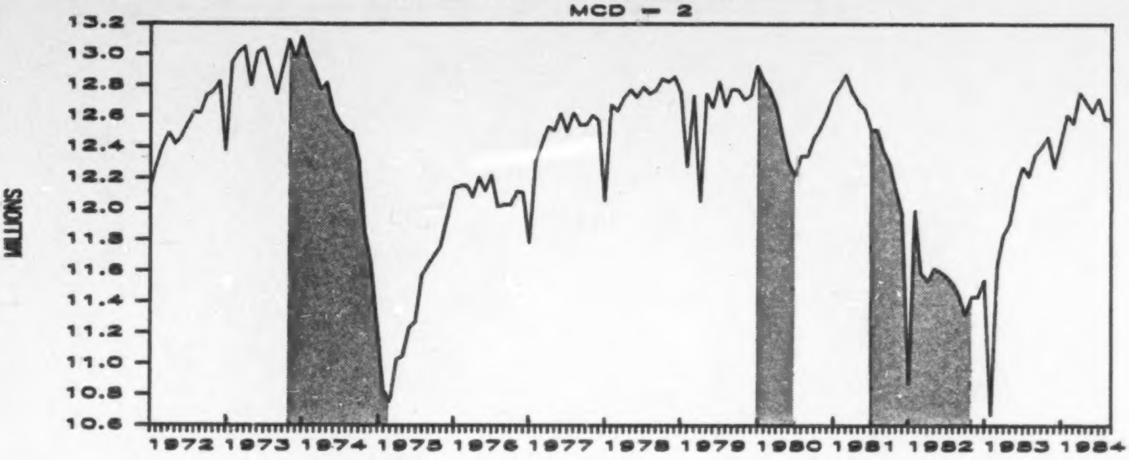
AVERAGE WORKWEEK
MCD MOVING AVERAGE (MCD=5)



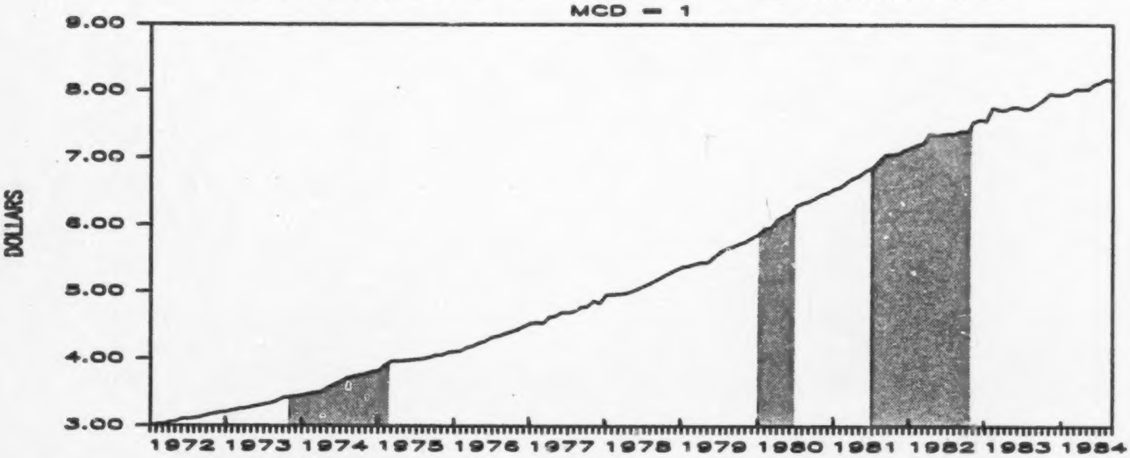
NEW BUSINESS INCORPORATIONS
MCD MOVING AVERAGE (MCD=6)



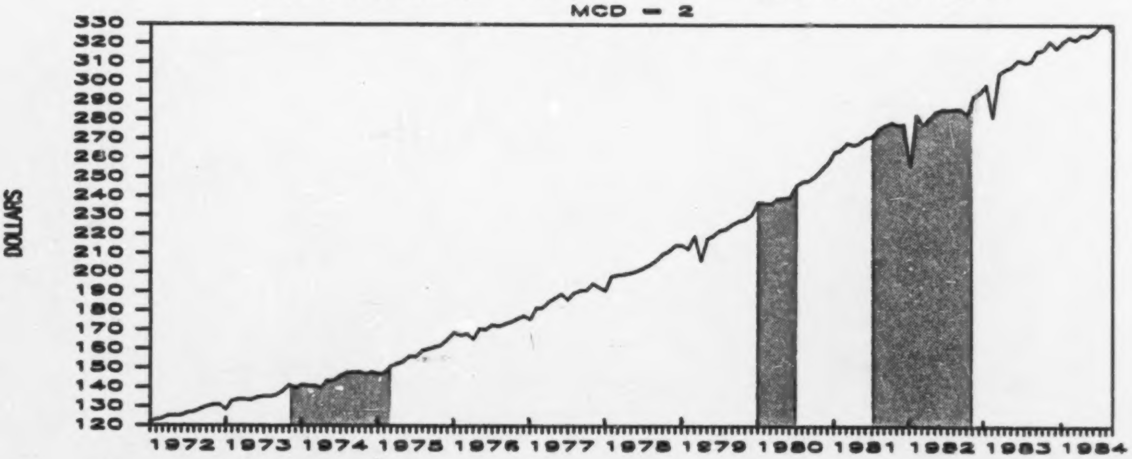
VALUATION OF BUILDING PERMITS
MCD MOVING AVERAGE (MCD=6)



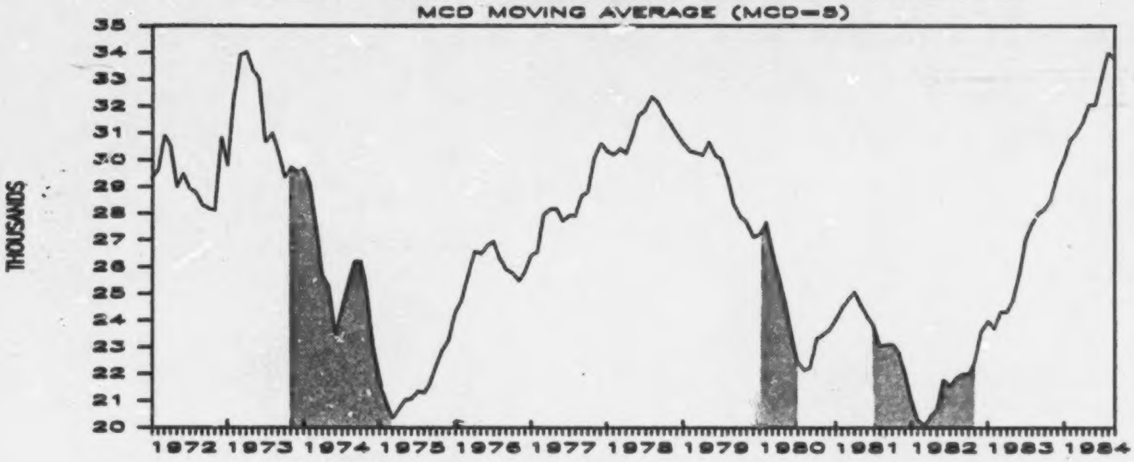
MANHOURS
MCD — 2



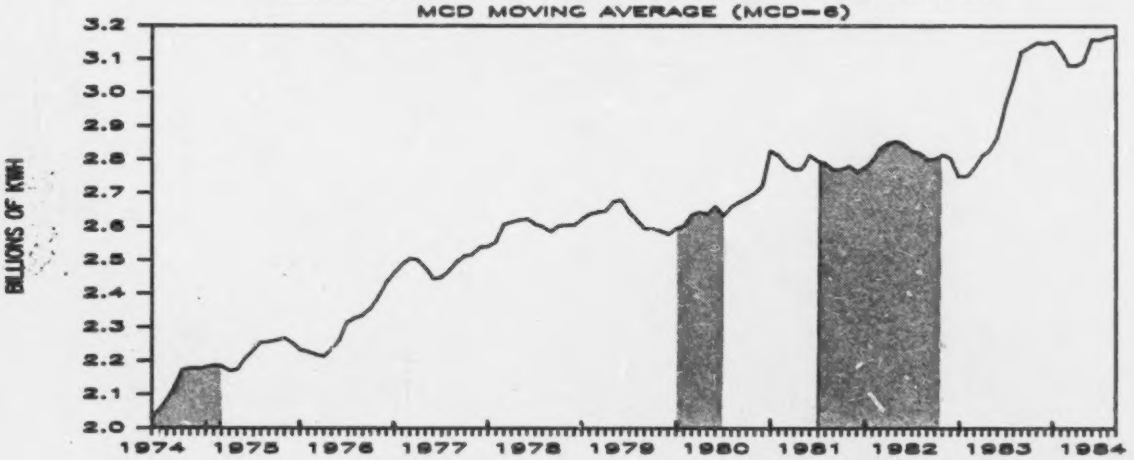
AVERAGE HOURLY EARNINGS
MCD — 1



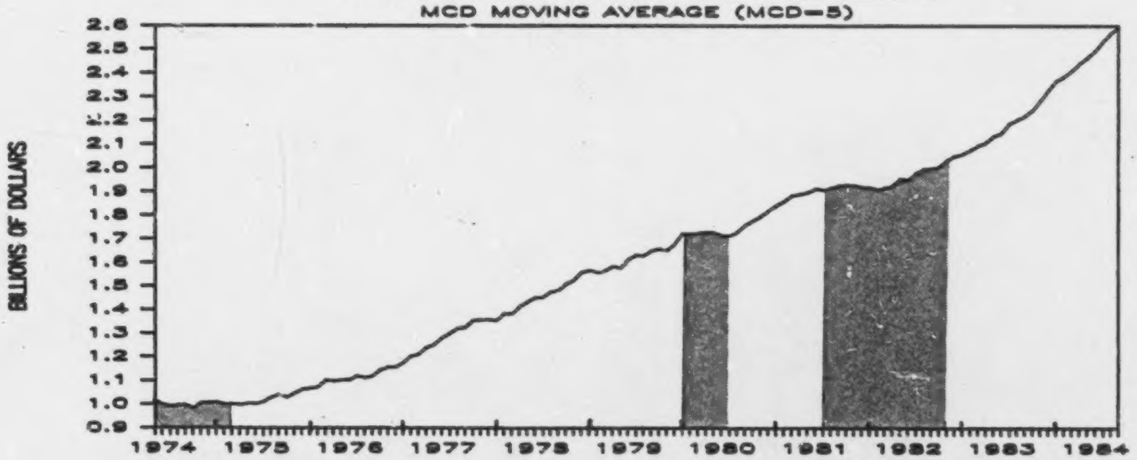
AVERAGE WEEKLY EARNINGS
MCD — 2


NEW VEHICLE REGISTRATIONS

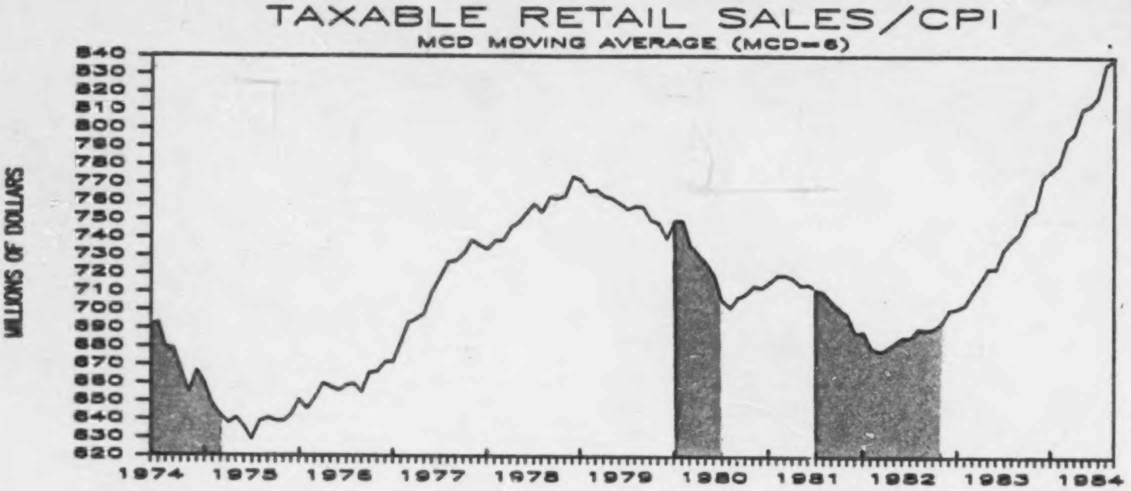
MCD MOVING AVERAGE (MCD=5)


ELECTRICAL POWER SALES

MCD MOVING AVERAGE (MCD=6)


TAXABLE RETAIL SALES

MCD MOVING AVERAGE (MCD=5)

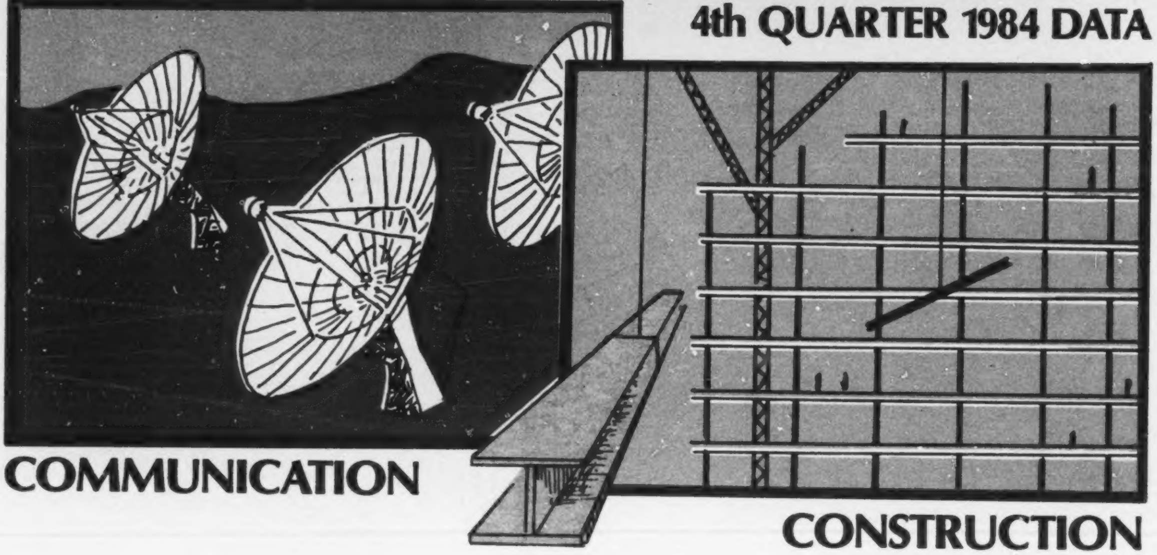

TAXABLE RETAIL SALES/CPI
MCD MOVING AVERAGE (MCD=6)
MILLIONS OF DOLLARS
840
830
820
810
800
790
780
770
760
750
740
730
720
710
700
690
680
670
660
650
640
630
620
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984

58205-4

VIRGINIA ECONOMIC INDICATORS

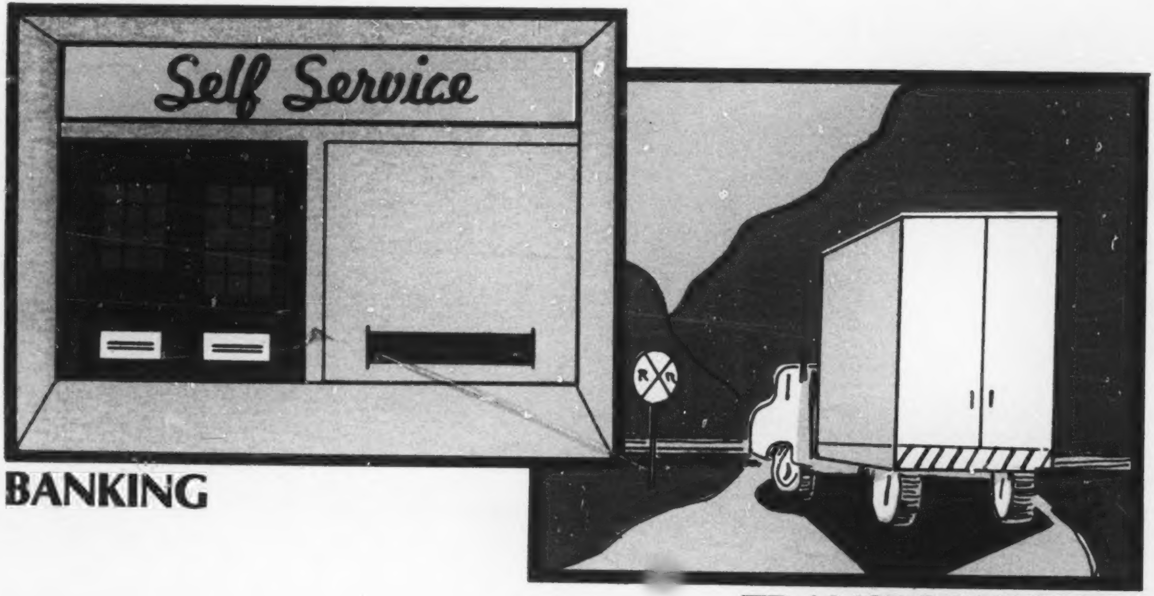
VOL. XVI NO. 3

4th QUARTER 1984 DATA



COMMUNICATION

CONSTRUCTION



BANKING

TRANSPORTATION

Virginia Employment Commission

FOREWORD

This publication is designed to depict the movement of Virginia's key economic indicators in graphic and tabular form with accompanying narrative analysis.

We welcome any comments, suggestions, or questions concerning Virginia Economic Indicators. Please contact Ralph C. Robinson, Director, Research and Analysis Division, P. O. Box 1358, Richmond, Virginia 23211, telephone (804) 786-7496, for additional information or explanation of the contents of this document.

TABLE OF CONTENTS

Page

FOREWORD iii

THE CURRENT RECOVERY: HOW LONG CAN IT LAST? vii

VIRGINIA ECONOMIC HIGHLIGHTS, FOURTH QUARTER 1984 viii

VIRGINIA ECONOMIC INDICATORS, FOURTH QUARTER DATA 1

EMPLOYMENT AND UNEMPLOYMENT INDICATORS, JANUARY 1983 TO DECEMBER 1984 2

- Nonagricultural Wage & Salary Employment
- Manufacturing Employment
- Total Unemployment Rate
- Average Weekly Initial Claims
- Average Weekly Insured Unemployment Rate
- U. I. Final Payments

MANUFACTURING PRODUCTION WORKER INDICATORS, JANUARY 1983 TO DECEMBER 1984 4

- Average Weekly Hours
- Average Manhours
- Average Hourly Earnings
- Average Weekly Earnings

BUSINESS INDICATORS, JANUARY 1983 TO DECEMBER 1984 6

- New Business Incorporations
- Valuation of Building Permits
- New Vehicle Registrations
- Electrical Power Sales
- Taxable Retail Sales

DATA SUMMARY, DECEMBER 1984 8

SUMMARY: MOVEMENT OF INDICATORS, JANUARY 1983 TO DECEMBER 1984 8

DATA SUMMARY, OCTOBER AND NOVEMBER 1984 9

EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA, 1983 AND 1984 ANNUAL AVERAGES 10

YEARLY SUMMARY OF INDICATORS, 1983 AND 1984 11

TUR VS. IUR IN VIRGINIA 12

HISTORICAL SUMMARY, PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE 15

THE CURRENT RECOVERY: HOW LONG CAN IT LAST?

Recent Business Cycles

Many observers of the economy feel the increasing uncertainties of the past two decades have tended to lengthen the duration of recessions and shorten recoveries. Evidence suggests the opposite. According to the National Bureau of Economic Research (NBER) the following points officially mark recent cycles.

Cycle #	Period	Pattern	Length
1	Nov. '82-?	Recovery	?
2	July '81-Nov. '82	Recession	17 Months
3	July '80-July '81	Recovery	12 Months
4	Nov. '79-July '80	Recession	8 Months
5	Mar. '75-Nov. '79	Recovery	56 Months
6	Nov. '73-Mar. '75	Recession	16 Months
7	June '71-Nov. '73	Recovery	28 Months
	Unofficially, earlier cycles included:		
8	Mar. '69-June '71	Recession	26 Months
9	Nov. '61-Mar. '69	Recovery	88 Months

To date, the current recovery is 29 months old. Despite only one recovery since 1961, shorter than the current, a consensus of economists is calling the maximum age of this recovery 36 months.

Current Cousin of Longer Cycles?

If cycle durations are measurements without determinants, what commonalities does the current recovery share with longer recoveries #5 and #9?

The current recovery has many things in common with the 88-month recovery of the 1960s, including low interest rates, relatively stable money, healthy productivity gains of over 2 percent yearly for nonfarm business, stable costs/wages from no capacity shortages, relatively strong business investments, and low inflation.

The current cycle differs from the 88-month whopper of the 60's and is similar to the recovery of the late 70's in only one basic respect--the size of the budget deficit. Narrowly viewed (ignoring for the short run the larger import factor and foreign debt ownership), the 36-month lifers would have to hang the end of the current cycle solely on the budget deficit. But, is the deficit the real tiger that will eat the recovery in 6-9 months?

There are arguments that it is only paper. Current deficit scenario forecasts have only a $30 billion variance from a most likely case of $170 billion. As an increment, $30 billion is a drop in the multi-trillion dollar world capital market and cannot add more than one to 1.5 percent to annualized interest rates. An interest rate hike of this magnitude would likely shave no more than one percent off real GNP growth rates and add one to 1.5 percent to the unemployment rate.

That is only if nothing is done about the deficit (Worst Case), which is unlikely. If Congress does indeed take significant action, the $30 billion budget deficit variance could fold like a paper tiger, incapable of devouring the current recovery in its 36th month. But, even if it does not fold, it is not clear that this tiger could eat the recovery.

In summary, if the current recovery is a cousin of the 60's whopper recovery, it is likely to be around a lot longer than suggested by the economists' consensus.

VIRGINIA ECONOMIC INDICATORS
Fourth Quarter 1984

- Nonfarm employment this December was a whopping 121,800 jobs above December of last year, dramatically pointing out the rapid pace of employment expansion Virginia has been experiencing.

- Factory employment in Virginia continued to grow in 1984, surpassing the previous high level of 414,000 set in 1981 by 6,100 jobs.

- Wholesale and retail trade, Virginia's fastest growing industry, became the State's largest employing sector in 1984, adding 32,800 more jobs for an average of 513,000 workers.

- Services, with an average of 32,400 new jobs, exhibited the second largest number of new jobs created in 1984, and was third in size behind trade and government among Virginia's employing divisions.

- The 1984 State jobless rate averaged 5.0 percent, significantly better than the 1983 average rate of 6.1 percent.

- Although employment was at an all-time record level at year's end, a few scattered layoffs in textiles caused the fourth quarter jobless rate to average 5.0 percent, not quite as good as the 4.9 percent levels set in the second and third quarters.

- Manufacturing production workers' wages averaged $329.75 per week in the Fourth Quarter 1984, $11.23 above the Fourth Quarter 1983.

- The State Unemployment Insurance Trust Fund ended the year with a balance of $274.9 million, the highest year-end balance on record.

- Consumer prices increased moderately in 1984. The National Consumer Price Index for All Urban Consumers averaged 311.1 in 1984 (1967 = 100) for a yearly increase of 4.3 percent.

- Fourth Quarter 1984 electric power sales were 0.6 percent ahead of Fourth Quarter 1983 in spite of unusually mild weather this year.

- Taxable retail sales reached an all-time high of $2,706 million in December 1984.

- Statewide, retail sales during all of 1984 amounted to more than $30.8 billion, up almost 14 percent from $27.1 billion in 1983. The comparable retail sales gain nationwide was only about 9 percent above 1983.

- Travel and tourism in Virginia grew last year at its biggest rate in six years (12.0 percent) according to the U. S. Travel Data Center in Washington, D.C.

- Total construction contracts throughout the State in 1984 rose 28 percent above 1983.

VIRGINIA ECONOMIC INDICATORS

VOL. XVI, NO. 3 FOURTH QUARTER DATA

Indicators Rally in December to End the Year on a Positive Note

The fifteen indicators used to measure the State's economy staged something of a rally in December after a poor performance in November and a lack-luster October. In December, eleven of the fifteen indicators were on the positive side, ending the year on an upbeat note. All of the employment, unemployment, and production worker indicators were positive with only four of the five business indicators remaining in the negative column. This was in contrast to the performances of November when only four indicators (one employment series, two unemployment series, and one business series) were positive and October when seven series were positive and eight series were negative. Nonagricultural wage and salary employment turned in the strongest showing, being the only indicator to remain positive in all three months.

The six-month moving average for series moving favorably reflected the weak performance of the majority of the indicators in the early months of the quarter (page 8). The moving average enhances analysis because it smooths out much of the irregularity present in many of the individual series.

Nonfarm Employment the Quarter's Star Performer

Nonagricultural employment after a strong rebound in August and September rolled into the fourth quarter unabated. Monthly gains of 0.6 percent in October, 0.2 percent in November, and 0.2 percent in December resulted from the year-end employment buildup in the retail sector coming on top of an already high level of government/defense employment. Nonagricultural employment in December 1984 was an impressive 121,800 jobs above December 1983 for a 5.4 percent over-the-year gain.

After negative performances in October and November caused by a wave of "inventory jitters" in textiles and apparel, manufacturing employment bounced back with a 0.4 percent gain in December and ended the year 1.9 percent above December 1983. Manufacturing, however, was unable to match the very strong performances currently being turned in by the nonmanufacturing segments. The strongest over-the-year factory gainers were nonelectrical machinery, boosted by spending for capital goods, and the defense-related transportation equipment industry.

The other indicators related to factory production also reflected the temporary inventory adjustments in textiles and apparel present in October and November. Average weekly hours and average manhours were down in both months, and average hourly earnings and average weekly earnings were down in November after both series were slightly positive in October. Recalls in the textile and apparel industries caused all four series to turn positive by December with average weekly earnings showing the most improvement, +2.2 percent above November at $334.06 per week.

The unemployment series indicators also reflected the unsettled conditions in the needle trades earlier in the quarter. All four of these indicators were down in October while the total unemployment rate and unemployment insurance final payments turned positive in November. By December, average weekly initial claims and the average weekly insured unemployment rate had joined the total jobless rate and unemployment insurance final payments in the positive column. The total unemployment rate which was influenced by strong hiring trends in the nonmanufacturing industries fell from 5.2 percent in October to 5.0 percent in November and finally to 4.9 percent in December. The year's final rate of 4.9 percent in December was bettered by only one other month in 1984, August when unemployment stood at 4.7 percent.

The other business-related indicators were generally on the downside and reflected a maturing business expansion that is now past the two-year mark. Still high interest rates were having some impact on new business incorporations, building permits, and new vehicle registrations. New business incorporations after being up in October were on the decline in both November and December. The somewhat volatile valuation of building permits indicator fell in October, rose in November, and then fell again in December, but all three months were below the corresponding year-ago month indicating a slowdown in building activities. New vehicle registrations surged in October at new model introduction time and then trailed off in the last two months of the year. New vehicle registrations ended the year in December at 1.1 percent below December 1983, but this to some extent reflected a continuing shortage of some popular models still absent from dealer's stocks because of strikes at manufacturers earlier in the year.

Electric power sales were ahead in October, but declined in November and December because of milder than usual weather. December 1984 was one of the warmest Decembers on record in Virginia. Even with the mild weather, power sales for the quarter were still slightly ahead of the fourth quarter of 1983 by 0.6 percent. Taxable retail sales advanced in both October and December, but were off slightly (-0.9 percent) in November. Taxable retail sales for the quarter were over 12 percent ahead of last year.

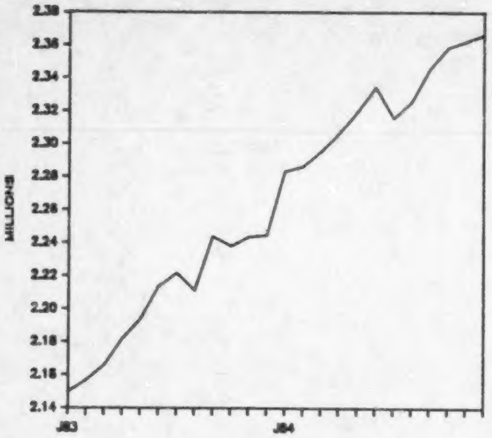
EMPLOYMENT AND UNEMPLOYMENT INDICATORS
January 1983 to December 1984

	Nonagricultural Wage & Salary Emp.* (Thousands)		Manufacturing Employment* (Thousands)		Total Unemployment Rate* (Percent)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	2,121.8	2,149.4	388.5	392.5	8.2	7.4
February	2,115.9	2,156.9	388.8	392.7	8.0	7.2
March	2,139.6	2,165.5	391.6	394.2	7.3	6.9
April	2,173.0	2,181.7	396.4	398.8	6.5	6.6
May	2,200.7	2,194.1	399.3	401.3	6.0	6.2
June	2,240.5	2,213.9	404.9	404.9	5.8	5.5
July	2,237.8	2,222.2	407.6	409.6	5.7	5.7
August	2,226.2	2,210.7	408.3	407.1	5.2	5.6
September	2,259.9	2,244.2	413.5	409.0	4.8	5.3
October	2,248.9	2,237.7	414.7	409.4	5.0	5.4
November	2,255.6	2,244.4	415.6	411.5	5.2	5.4
December	2,263.1	2,245.1	414.6	412.5	5.3	5.2
1984						
January	2,238.0	2,283.7	411.8	416.0	6.2	5.6
February	2,243.9	2,287.4	413.7	417.9	5.7	5.1
March	2,268.3	2,295.6	416.2	419.6	5.4	5.1
April	2,297.4	2,306.6	417.8	420.3	5.0	5.1
May	2,327.3	2,320.3	418.9	421.0	4.8	5.0
June	2,362.7	2,334.7	423.5	423.5	4.9	4.7
July	2,332.5	2,316.3	420.8	422.9	5.2	5.2
August	2,339.5	2,325.5	423.0	421.7	4.4	4.7
September	2,362.2	2,345.8	426.1	421.5	4.4	4.9
October	2,368.2	2,358.8	424.7	419.7	4.8	5.2
November	2,374.6	2,362.8	422.3	418.5	4.8	5.0
December	2,385.8	2,366.9	422.4	420.3	5.0	4.9

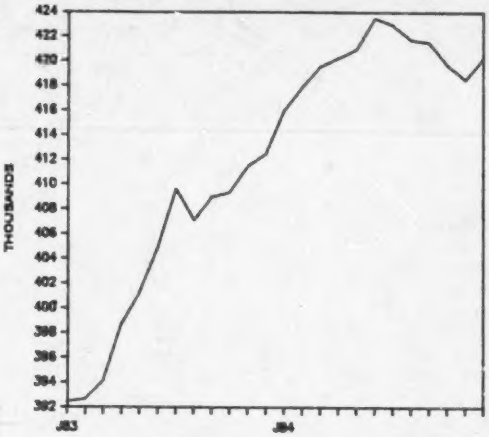
	Average Weekly Initial Claims (Number)		Avg. Wkly. Insured Unemployment Rate (Percent)		U. I. Final Payments (Number)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	16,327	9,726	3.3	2.3	4,847	5,001
February	8,524	8,573	2.9	2.2	4,416	4,824
March	8,452	9,299	2.6	2.1	6,119	5,113
April	6,905	7,888	2.1	2.0	6,213	4,865
May	5,921	7,440	1.6	1.8	5,002	4,577
June	5,052	5,927	1.4	1.6	4,601	4,104
July	6,489	6,914	1.4	1.6	3,803	3,673
August	4,277	5,743	1.2	1.4	3,459	3,757
September	3,830	5,166	1.0	1.3	2,621	3,109
October	4,983	5,888	1.0	1.3	2,169	2,759
November	5,698	5,808	1.2	1.4	2,375	2,782
December	10,789	6,485	1.3	1.3	2,284	2,298
1984						
January	12,255	7,312	1.9	1.3	2,375	2,459
February	6,459	6,537	1.7	1.3	2,368	2,594
March	5,584	6,103	1.5	1.2	2,814	2,345
April	5,033	5,785	1.2	1.2	3,016	2,360
May	4,098	5,142	1.0	1.1	3,031	2,794
June	5,580	6,596	1.1	1.3	1,987	1,765
July	5,956	6,370	1.0	1.1	2,134	2,075
August	4,108	5,551	0.9	1.1	1,972	2,141
September	4,213	5,678	0.8	1.0	1,434	1,517
October	6,956	8,193	1.0	1.3	1,601	2,045
November	8,771	8,932	1.3	1.5	1,545	1,803
December	12,900	7,688	1.2	1.2	1,575	1,580

*These series have been adjusted to First Quarter 1984 benchmarks.

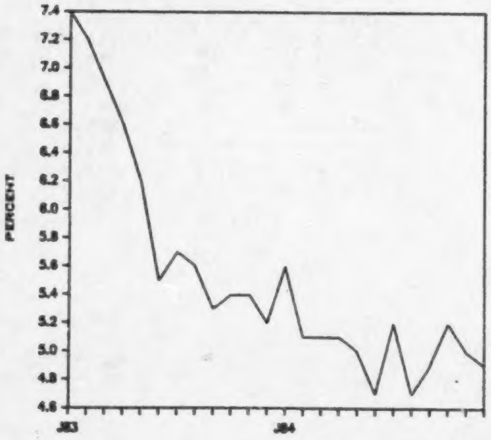
NONAG W & S EMPLOYMENT



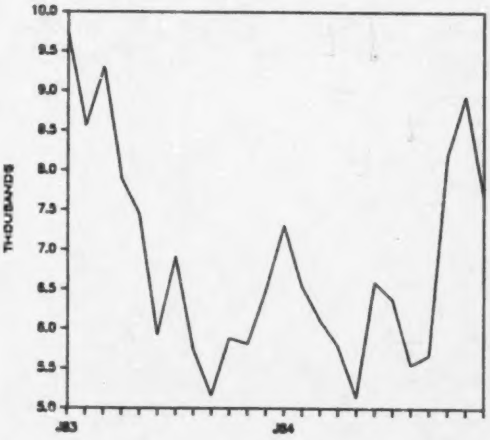
MANUFACTURING EMPLOYMENT



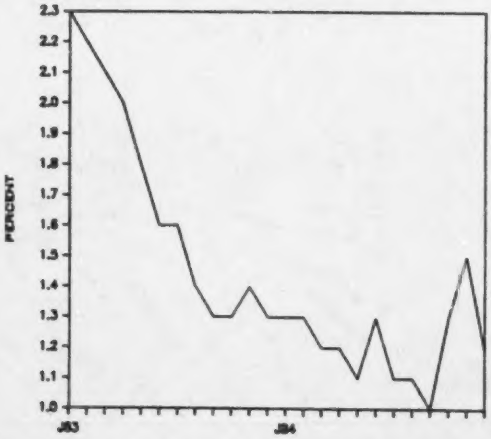
TOTAL UNEMPLOYMENT RATE



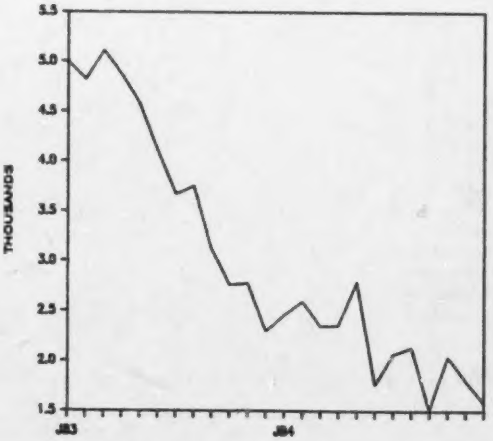
AVG. WEEKLY INIT. CLAIMS



INSURED UNEMPLOYMENT RATE



U. I. FINAL PAYMENTS



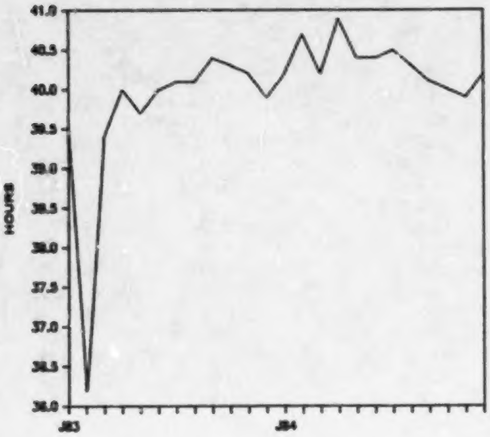
MANUFACTURING PRODUCTION WORKER INDICATORS
January 1983 to December 1984

	Average Weekly Hours* (Hours)		Average Manhours* (Thousands)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	38.9	39.5	11,310.4	11,538.6
February	35.7	36.2	10,423.3	10,670.2
March	39.2	39.4	11,468.3	11,634.5
April	39.4	40.0	11,623.0	11,848.1
May	39.6	39.7	11,832.8	11,940.3
June	40.4	40.0	12,327.2	12,205.2
July	39.9	40.1	12,201.2	12,336.9
August	40.2	40.1	12,359.6	12,310.4
September	40.7	40.4	12,698.2	12,461.4
October	40.5	40.3	12,745.6	12,532.5
November	40.8	40.2	12,899.9	12,597.6
December	40.4	39.9	12,614.8	12,367.5
1984				
January	39.6	40.2	12,379.8	12,632.4
February	40.1	40.7	12,586.3	12,895.8
March	40.0	40.2	12,643.5	12,823.0
April	40.3	40.9	12,781.8	13,029.4
May	40.3	40.4	12,851.3	12,968.0
June	40.8	40.4	13,058.5	12,916.4
July	40.3	40.5	12,807.6	12,950.1
August	40.4	40.3	12,873.2	12,809.2
September	40.4	40.1	13,036.1	12,805.6
October	40.1	40.0	12,879.7	12,664.4
November	40.4	39.9	12,894.1	12,591.9
December	40.8	40.2	13,031.5	12,776.0

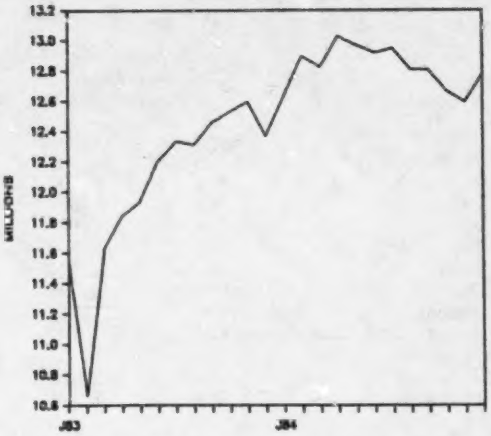
	Average Hourly Earnings* (Dollars)		Average Weekly Earnings* (Dollars)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	7.64	7.55	297.20	298.59
February	7.76	7.76	277.03	281.35
March	7.71	7.72	302.23	304.77
April	7.71	7.72	303.77	306.84
May	7.74	7.77	306.50	308.34
June	7.73	7.77	312.29	310.80
July	7.72	7.73	308.03	310.02
August	7.73	7.76	310.75	311.12
September	7.82	7.82	318.27	315.93
October	7.84	7.87	317.52	317.16
November	8.01	7.97	326.81	320.39
December	7.97	7.97	321.99	318.00
1984				
January	8.04	7.94	318.38	319.19
February	7.97	7.97	319.60	324.38
March	8.03	8.04	321.20	323.21
April	8.02	8.03	323.21	328.43
May	8.03	8.05	323.61	325.22
June	8.09	8.13	330.07	328.45
July	8.14	8.16	328.04	330.48
August	8.16	8.19	329.66	330.06
September	8.17	8.17	330.07	327.62
October	8.17	8.21	327.62	328.40
November	8.23	8.19	332.49	326.78
December	8.31	8.31	339.05	334.06

*These series have been adjusted to First Quarter 1984 benchmarks.

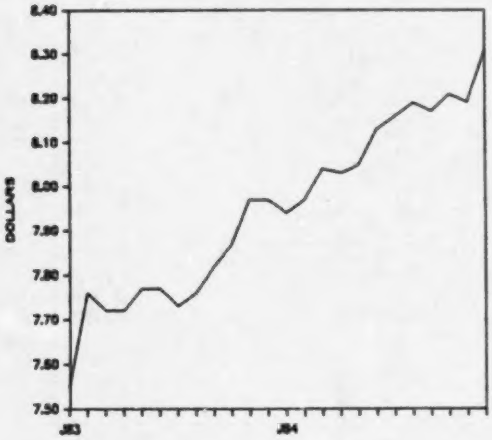
AVERAGE WEEKLY HOURS



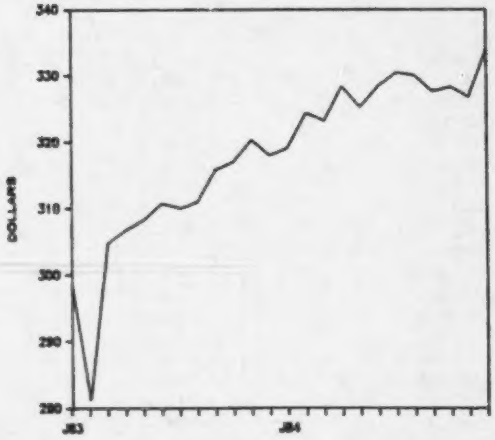
AVERAGE MANHOURS



AVERAGE HOURLY EARNINGS



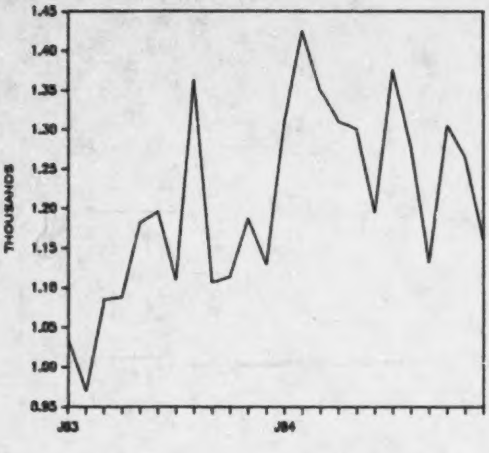
AVERAGE WEEKLY EARNINGS

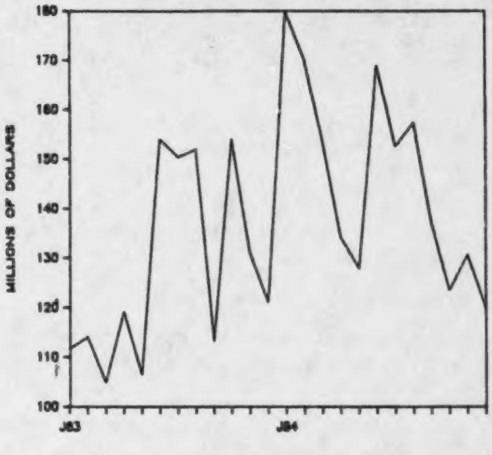


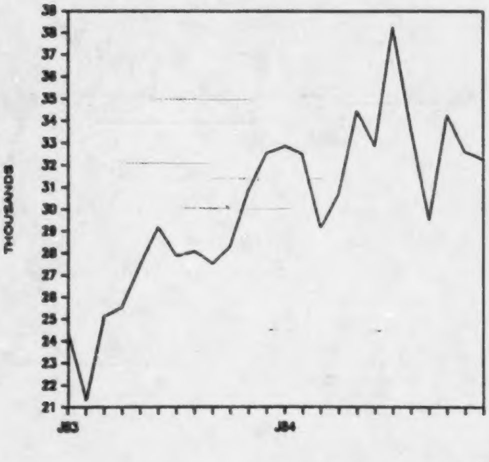
BUSINESS INDICATORS
January 1983 to December 1984

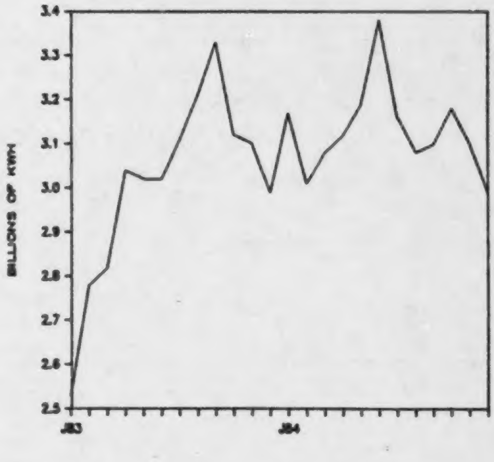
	New Business Incorporations (Number)		Valuation of Bldg. Permits ($ Millions)		New Vehicle Registrations (Number)	
1983	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	1,090	1,034	85.3	111.8	21,960	24,380
February	903	971	78.6	114.2	18,813	21,367
March	1,187	1,086	128.5	104.9	30,021	25,153
April	1,178	1,089	136.6	119.3	29,208	25,574
May	1,186	1,183	112.8	106.5	29,159	27,479
June	1,244	1,197	176.3	154.0	33,613	29,188
July	1,006	1,110	168.3	150.4	30,651	27,882
August	1,374	1,364	149.2	152.1	30,034	28,108
September	1,102	1,107	113.0	113.2	27,960	27,519
October	1,116	1,115	162.3	154.1	26,103	28,339
November	1,081	1,188	141.1	131.0	26,169	30,854
December	1,113	1,130	91.1	121.1	23,396	32,573
1984						
January	1,373	1,311	136.3	179.8	29,459	32,878
February	1,329	1,426	117.4	170.4	28,700	32,466
March	1,476	1,350	189.1	153.6	34,898	29,179
April	1,417	1,310	153.4	134.0	35,032	30,730
May	1,300	1,300	135.2	127.8	36,395	34,465
June	1,246	1,195	193.7	169.1	37,953	32,860
July	1,243	1,377	169.1	152.6	42,134	38,269
August	1,290	1,278	155.3	157.7	35,989	33,666
September	1,128	1,133	137.6	137.2	30,085	29,524
October	1,302	1,306	128.9	123.5	31,383	34,298
November	1,152	1,265	141.1	130.8	27,628	32,580
December	1,148	1,161	91.1	120.0	23,205	32,229

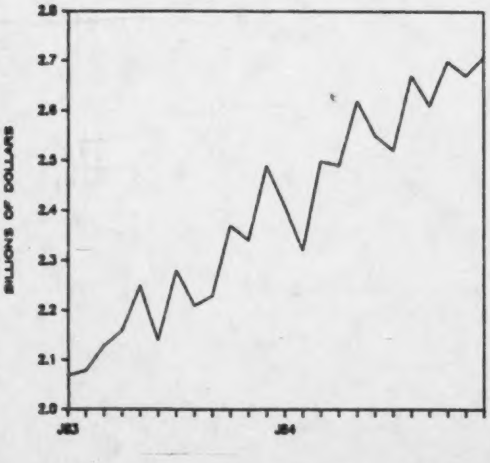
	Electrical Power Sales (Mil. of KHW)		Taxable Retail Sales ($ Millions)	
1983	Unadj.	Adj.	Unadj.	Adj.
January	3,008.1	2,529.2	1,921.9	2,072.5
February	3,161.2	2,783.9	1,865.8	2,077.1
March	2,886.8	2,821.7	1,950.7	2,126.1
April	2,803.1	3,037.7	2,108.7	2,155.7
May	2,504.7	3,022.5	2,334.0	2,246.4
June	2,751.1	3,021.0	2,158.0	2,136.7
July	3,325.7	3,113.3	2,331.1	2,284.7
August	3,567.0	3,209.4	2,142.6	2,206.3
September	3,448.5	3,328.5	2,271.4	2,229.4
October	2,675.9	3,120.2	2,344.4	2,372.9
November	2,740.3	3,100.2	2,342.2	2,336.7
December	3,086.4	2,991.5	3,059.7	2,492.3
1984				
January	3,777.6	3,169.1	2,236.0	2,406.9
February	3,414.4	3,013.6	2,085.7	2,322.6
March	3,145.6	3,083.9	2,295.5	2,503.3
April	2,882.9	3,120.0	2,427.9	2,485.1
May	2,639.7	3,188.0	2,723.1	2,618.4
June	3,080.9	3,378.2	2,563.8	2,546.0
July	3,379.9	3,155.8	2,576.8	2,521.3
August	3,416.7	3,075.3	2,600.0	2,674.9
September	3,204.7	3,099.3	2,653.4	2,611.6
October	2,722.0	3,179.9	2,667.6	2,700.0
November	2,740.3	3,099.9	2,679.9	2,674.6
December	3,086.8	2,988.2	3,322.3	2,705.5


NEW BUSINESS INCORPORATIONS


VALUATION OF BUILDING PERMITS


NEW VEHICLE REGISTRATIONS


ELECTRICAL POWER SALES


TAXABLE RETAIL SALES

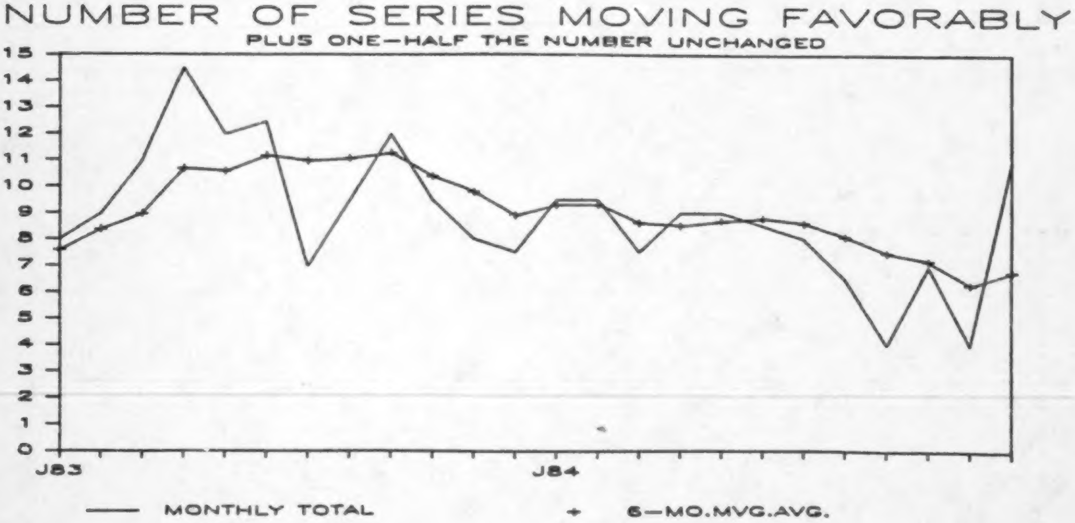
DATA SUMMARY
DECEMBER 1984
(SEASONALLY ADJUSTED DATA)

				Percent & (Direction) of Change 1/	
	Dec. 1984	Nov. 1984	Dec. 1983	Nov. '84- Dec. '84	Dec. '83- Dec. '84
EMPLOYMENT					
*Nonagricultural Wage & Salary Employment (000)	2,366.9	2,362.8	2,245.1	+ 0.2 (+)	+ 5.4 (+)
*Manufacturing Employment (000)	420.3	418.5	412.5	+ 0.4 (+)	+ 1.9 (+)
UNEMPLOYMENT					
*Total Unemployment Rate (%)	4.9	5.0	5.2	xxx (+)	xxx (+)
Average Weekly Initial Claims	7,688	8,932	6,485	-13.9 (+)	+18.6 (-)
Average Weekly Insured Unemployment Rate (%)	1.2	1.5	1.3	xxx (+)	xxx (+)
Unemployment Insurance Final Payments	1,580	1,803	2,298	-12.4 (+)	-31.2 (+)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	40.2	39.9	39.9	+ 0.8 (+)	+ 0.8 (+)
*Average Manhours (000)	12,776.0	12,591.9	12,367.5	+ 1.5 (+)	+ 3.3 (+)
*Average Hourly Earnings ($)	8.31	8.19	7.97	+ 1.5 (+)	+ 4.3 (+)
*Average Weekly Earnings ($)	334.06	326.78	318.00	+ 2.2 (+)	+ 5.1 (+)
BUSINESS					
New Business Incorporations	1,161	1,265	1,130	- 8.2 (-)	+ 2.7 (+)
Valuation of Building Permits - 18 Cities ($M)	120.0	130.8	121.1	- 8.3 (-)	- 0.9 (-)
New Vehicle Registrations	32,229	32,580	32,573	- 1.1 (-)	- 1.1 (-)
Electrical Power Sales (B of KWH)	2.988	3.100	2.992	- 3.6 (-)	- 0.1 (-)
Taxable Retail Sales ($B)	2.706	2.675	2.492	+ 1.2 (+)	+ 8.6 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Revised to First Quarter 1984 benchmarks.

SUMMARY



DATA SUMMARY
NOVEMBER 1984
(SEASONALLY ADJUSTED DATA)

				Percent & (Direction) of Change 1/	
	Nov. 1984	Oct. 1984	Nov. 1983	Oct. '84-Nov. '84	Nov. '83-Nov. '84
EMPLOYMENT					
*Nonagricultural Wage & Salary Employment (000)	2,362.8	2,358.8	2,244.4	+ 0.2 (+)	+ 5.3 (+)
*Manufacturing Employment (000)	418.5	419.7	411.5	- 0.3 (-)	+ 1.7 (+)
UNEMPLOYMENT					
*Total Unemployment Rate (%)	5.0	5.2	5.4	xxx (+)	xxx (+)
Average Weekly Initial Claims	8,932	8,193	5,808	+ 9.0 (-)	+53.8 (-)
Average Weekly Insured Unemployment Rate (%)	1.5	1.3	1.4	xxx (-)	xxx (-)
Unemployment Insurance Final Payments	1,803	2,045	2,782	- 1.8 (+)	-35.2(+)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	39.9	40.0	40.2	- 0.3 (-)	- 0.8 (-)
*Average Manhours (000)	12,591.9	12,664.4	12,597.6	- 0.6 (-)	- 0.1 (-)
*Average Hourly Earnings ($)	8.19	8.21	7.97	- 0.2 (-)	+ 2.8 (+)
*Average Weekly Earnings ($)	326.78	328.40	320.39	- 0.5 (-)	+ 2.0 (+)
BUSINESS					
New Business Incorporations	1,265	1,306	1,188	- 3.1 (-)	+ 6.5 (+)
Valuation of Building Permits - 18 Cities ($M)	130.8	123.5	131.0	+ 5.9 (+)	- 0.2 (-)
New Vehicle Registrations	32,580	34,298	30,854	- 0.5 (-)	+ 5.6 (+)
Electrical Power Sales (B of KWH)	3.100	3.180	3.100	- 2.5 (-)	0.0 (0)
Taxable Retail Sales ($B)	2.675	2.700	2.337	- 0.9 (-)	+14.5 (+)

DATA SUMMARY
OCTOBER 1984
(SEASONALLY ADJUSTED DATA)

				Percent & (Direction) of Change 1/	
	Oct. 1984	Sept. 1984	Oct. 1983	Sept.'84-Oct. '84	Oct. '83-Oct. '84
EMPLOYMENT					
*Nonagricultural Wage & Salary Employment (000)	2,358.8	2,345.8	2,237.7	+ 0.6 (+)	+ 5.4 (+)
*Manufacturing Employment (000)	419.7	421.5	409.4	- 0.4 (-)	+ 2.5 (+)
UNEMPLOYMENT					
*Total Unemployment Rate (%)	5.2	4.9	5.4	xxx (-)	xxx (+)
Average Weekly Initial Claims	8,193	5,678	5,888	+44.3 (-)	+39.2 (-)
Average Weekly Insured Unemployment Rate (%)	1.3	1.0	1.3	xxx (-)	xxx (0)
Unemployment Insurance Final Payments	2,045	1,517	2,759	+34.8 (-)	-25.9 (+)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	40.0	40.1	40.3	- 0.3 (-)	- 0.8 (-)
*Average Manhours (000)	12,664.4	12,805.6	12,532.5	- 1.1 (-)	+ 1.1 (+)
*Average Hourly Earnings ($)	8.21	8.17	7.87	+ 0.5 (+)	+ 4.3 (+)
*Average Weekly Earnings ($)	328.40	327.62	317.16	+ 0.2 (+)	+ 3.5 (+)
BUSINESS					
New Business Incorporations	1,306	1,133	1,115	+15.3 (+)	+17.1 (+)
Valuation of Building Permits - 18 Cities ($M)	123.5	137.2	154.1	-10.0 (-)	-19.9 (-)
New Vehicle Registration	34,298	29,524	28,339	+16.2 (+)	+21.0 (+)
Electrical Power Sales (B of KWH)	3.180	3.099	3.120	+ 2.6 (+)	+ 1.9 (+)
Taxable Retail Sales ($B)	2.700	2.612	2.373	+ 3.4 (+)	+13.8 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

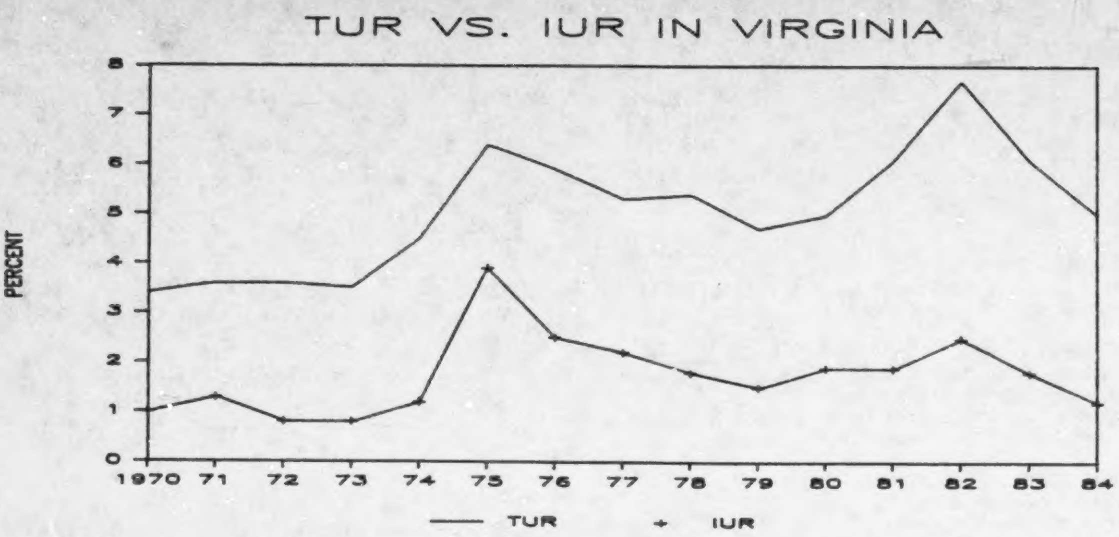
* Revised to First Quarter 1984 benchmarks.

EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA
ANNUAL AVERAGES (In Thousands)

	1984	1983	Change 1983-1984	% Change 1983-1984
TOTAL NONAGRICULTURAL	2,325.0	2,206.9	+118.1	+ 5.4
MANUFACTURING	420.1	403.6	+ 16.5	+ 4.1
Durable Goods	194.8	182.9	+ 11.9	+ 6.5
Lumber & Wood Products	22.8	21.1	+ 1.7	+ 8.1
Furniture & Fixtures	23.7	23.0	+ 0.7	+ 3.0
Stone, Clay, & Glass Products	13.5	12.4	+ 1.1	+ 8.8
Primary Metal Industries	10.9	10.1	+ 0.8	+ 7.9
Fabricated Metal Products	18.6	18.3	+ 0.3	+ 1.6
Machinery (except Electrical)	15.0	12.9	+ 2.1	+16.3
Electric & Electronic Equipment	41.3	38.2	+ 3.1	+ 8.1
Transportation Equipment	42.2	40.5	+ 1.7	+ 4.0
Instruments & Related Products	3.6	3.5	+ 0.1	+ 2.9
Misc. Manufacturing Industries	3.2	2.9	+ 0.3	+10.3
Nondurable Goods	225.3	220.7	+ 4.6	+ 2.1
Food & Kindred Products	38.8	39.0	- 0.2	- 0.5
Tobacco Manufactures	16.1	17.1	- 1.0	- 5.8
Textile Mill Products	43.4	43.4	0.0	0.0
Apparel & Other Textile Products	32.6	32.0	+ 0.6	+ 1.9
Paper & Publishing	15.5	14.8	+ 0.7	+ 4.7
Printing & Publishing	27.8	25.4	+ 2.4	+ 9.4
Chemicals & Allied Products	32.7	32.3	+ 0.4	+ 1.2
Petroleum, Rubber & Misc. Plastics Products	15.0	13.3	+ 1.7	+12.8
Leather & Leather Products	3.4	3.4	0.0	0.0
MINING	18.1	17.4	+ 0.7	+ 4.0
CONSTRUCTION	131.8	113.9	+ 17.9	+15.7
TRANSPORTATION & PUBLIC UTILITIES	127.6	120.4	+ 7.2	+ 6.0
Railroad Transportation	13.6	13.0	+ 0.6	+ 4.6
Trucking & Warehousing	29.2	27.2	+ 2.0	+ 7.4
Transportation by Air	14.8	13.5	+ 1.3	+ 9.6
Communication	36.2	34.0	+ 2.2	+ 6.5
Electric, Gas, & Sanitary Services	19.5	18.9	+ 0.6	+ 3.2
WHOLESALE & RETAIL TRADE	513.0	480.2	+ 32.8	+ 6.8
Wholesale Trade	115.9	109.5	+ 6.4	+ 5.8
Retail Trade	397.1	370.7	+ 26.4	+ 7.1
FINANCE, INSURANCE, & REAL ESTATE	117.2	110.1	+ 7.1	+ 6.4
Banking	34.4	33.2	+ 1.2	+ 3.6
Insurance Carriers	21.3	20.7	+ 0.6	+ 2.9
Real Estate	29.5	27.0	+ 2.5	+ 9.3
SERVICES	492.8	460.4	+ 32.4	+ 7.0
Personal Services	27.6	26.3	+ 1.3	+ 4.9
Business Services	118.6	103.7	+ 14.9	+14.4
Health Services	122.2	119.4	+ 2.8	+ 2.3
GOVERNMENT	504.4	500.9	+ 3.5	+ 0.7
Federal Government	167.6	162.9	+ 4.7	+ 2.9
State & Local Government	336.8	338.0	- 1.2	- 0.4

YEARLY SUMMARY OF INDICATORS

	1984	1983	Percent & (Direction) of Change 1983-1984
EMPLOYMENT			
Average Nonagricultural Wage & Salary (000)	2,325.0	2,206.9	+ 5.4 (+)
Average Manufacturing Employment (000)	420.1	403.6	+ 4.1 (+)
UNEMPLOYMENT			
Average Total Unemployment Rate (%)	5.0	6.1	xxxx (+)
Average Weekly Initial Claims	6,826	7,271	- 6.1 (+)
Average Weekly Insured Unemployment Rate (%)	1.2	1.8	xxxx (+)
Unemployment Insurance Final Payments	25,852	47,909	-46.0 (+)
MANUFACTURING PRODUCTION WORKERS			
Average Weekly Hours	40.3	39.6	+ 1.8 (+)
Average Manhours (000)	12,818.6	12,042.0	+ 6.4 (+)
Average Hourly Earnings ($)	8.11	7.78	+ 4.2 (+)
Average Weekly Earnings ($)	326.92	308.53	+ 6.0 (+)
BUSINESS			
New Business Incorporations	15,404	13,580	+13.4 (+)
Valuation of Building Permits - 18 Cities ($M)	1,748.2	1,543.1	+13.3 (+)
New Vehicle Registrations	392,861	327,087	+20.1 (+)
Electrical Power Sales (B of KWH)	37,492	35.959	+ 4.2 (+)
Taxable Retail Sales ($B)	30,798	27.069	+13.8 (+)



The TUR-IUR Gap

The difference between the total unemployment rate (TUR) and the insured unemployment rate (IUR) in Virginia has increased significantly since 1975 (Table 1). The widening gap has been of concern to government policy officials as various governmental programs are keyed to both rates. The primary governmental program keyed to the IUR is the federal/state extended unemployment insurance coverage.

TABLE 1

TUR vs. IUR

Year	TUR	IUR	TUR/IUR Gap
1970	3.4	1.0	2.4
1971	3.6	1.3	2.3
1972	3.6	0.8	2.8
1973	3.5	0.8	2.7
1974	4.5	1.2	3.3
1975	6.4	3.9	2.5
1976	5.9	2.5	3.4
1977	5.3	2.2	3.1
1978	5.4	1.8	3.6
1979	4.7	1.5	3.2
1980	5.0	1.9	3.1
1981	6.1	1.9	4.2
1982	7.7	2.5	5.2
1983	6.1	1.8	4.3
1984	5.0	1.2	3.8

In order to understand the gap between the two rates, it is necessary to examine the components of the IUR and TUR. The IUR represents a count of the number of weeks of Unemployment Compensation (UC) filed for by persons determined to be eligible to receive benefits. The TUR reflects everyone who meets the Current Population Survey (CPS) definition of unemployment including:

1. All of those individuals included in the IUR;
2. Individuals who have used up all of their UC benefit entitlement (exhaustees);
3. Individuals who have voluntarily quit their jobs;
4. New entrants, such as youth and homemakers, who are entering the labor market for the first time; and,
5. Persons covered under railroad and federal unemployment programs.

The gap, therefore, is basically a sum of the last four components listed on the preceding page. Since the number of persons covered under railroad and federal unemployment is relatively small, most of the divergence between the IUR and TUR can be traced to the combination of a more stable IUR and increases in the number of job quitters, exhaustees, and new entrants.

Stabilization of the IUR

- Economic Factors

  The stabilization of the IUR since 1975 has been the result of both economic and administrative factors. Chief among the economic factors is the growth in nonmanufacturing industries in the State that are less sensitive to cyclical fluctuations than many manufacturing industries.

  - At the beginning of the 1974-1975 recession, 22.3 percent of the State's nonagricultural employment was concentrated in manufacturing and 15.9 percent in services.
  - By 1983, the manufacturing share had dropped to 18.2 percent and the services sector had grown to 20.8 percent.

- Administrative Factors

  Administrative factors include changes in the UC law or program emphasis such as:

  - Reduction of claimant benefit checks by the amount of pension income they received (1979);
  - Increases in base-period earning requirements for new claimants in 1981 and again in 1984; and,
  - Emphasis on reviewing UC claimants' eligibility under "able and available" and job refusal provisions with the Eligibility Review Program (ERP) as the primary monitoring means.

  Since 1979, it is estimated that these administrative factors have eliminated 20,000 would-be claimants from coverage and reduced the IUR by 0.2 percent to 0.3 percent.

Benefit Exhaustions

The 1975-1977 and 1981-1983 periods were characterized by large numbers of UC benefit exhaustees. These years included severe economic downturns followed by weak recoveries. When few job opportunities exist, many UC claimants are forced to exhaust their benefits and cannot obtain employment of long enough duration to requalify and be included in the IUR. Exhaustees were a significant portion of the widening gap that took place between the IUR and TUR in 1976 and again in 1981 and 1982.

Job Leavers

When a person leaves one job to voluntarily look for another, he is usually ineligible for unemployment benefits. The proportion of job leavers to total unemployment is usually highest during very prosperous periods and lowest during recessionary periods. For example, job leavers comprised 16.2 percent of total unemployment during 1979, but by the low point of the recession in 1982 had dropped to only 8.9 percent.

New and Re-entrants to the Labor Force

The baby boom and high inflation have brought many youths (new entrants) and homemakers (re-entrants) into the labor force since the early 1970s. These individuals have little or no previous labor force attachment and are, thus, ineligible for unemployment benefits. The portion of total unemployment attributed to the 16-19-year-old age group reached 25 percent in 1982.

Outlook

Due to stability in the IUR, the gap between the IUR and TUR widens as the TUR rises. With low TURs projected through the end of the 1980s, it is expected that the gap will stabilize through the 1980s. However, the gap could again widen if significant numbers of claimants are eliminated through higher earning requirements or there is a pickup in the job quit rate which would accompany even a modest extended economic upturn. Conversely, the expected drop-off in the number of youths entering the labor force in the years ahead could offset these factors to a great extent and cause the gap to close.

Alex Valz

HISTORICAL SUMMARY

Performance of Indicators Over the Business Cycle

GENERAL INFORMATION

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The shaded spaces on the charts represent the 1973-75, 1980, and 1981-82 recessions as designated by the National Bureau of Economic Research (NBER). The beginning of a recession is defined as the month when aggregate economic activity in the U. S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. According to NBER, the 1973-75 recession began in November 1973 and ended in March 1975, the 1980 recession began in January 1980 and ended in July 1980, and the 1981-82 recession began in July 1981 and ended in November 1982.

SEASONAL ADJUSTMENT

To correlate changes in a time series and changes in the business cycle it is desirable

SEASONAL ADJUSTMENT (continued)

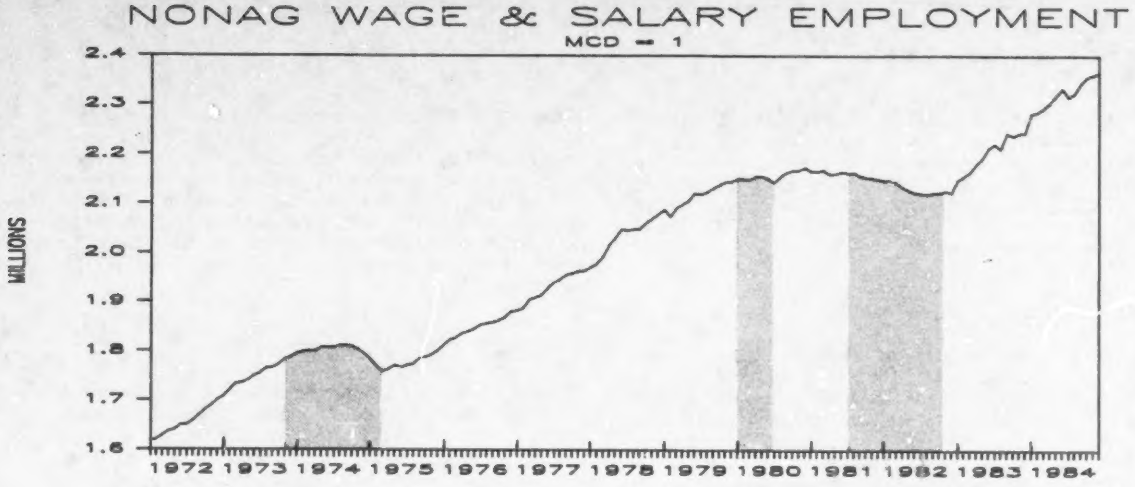
to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

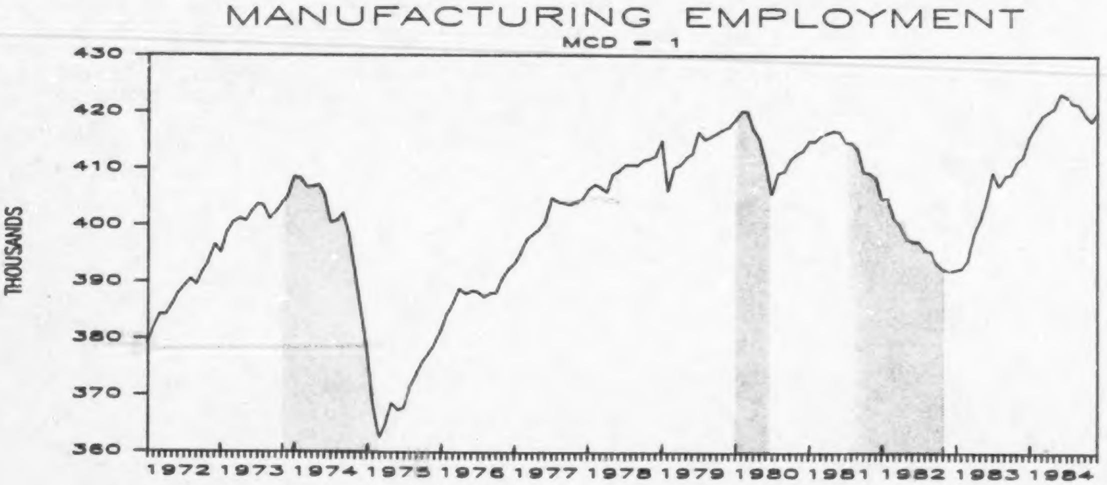
MONTHS FOR CYCLICAL DOMINANCE (MCD)

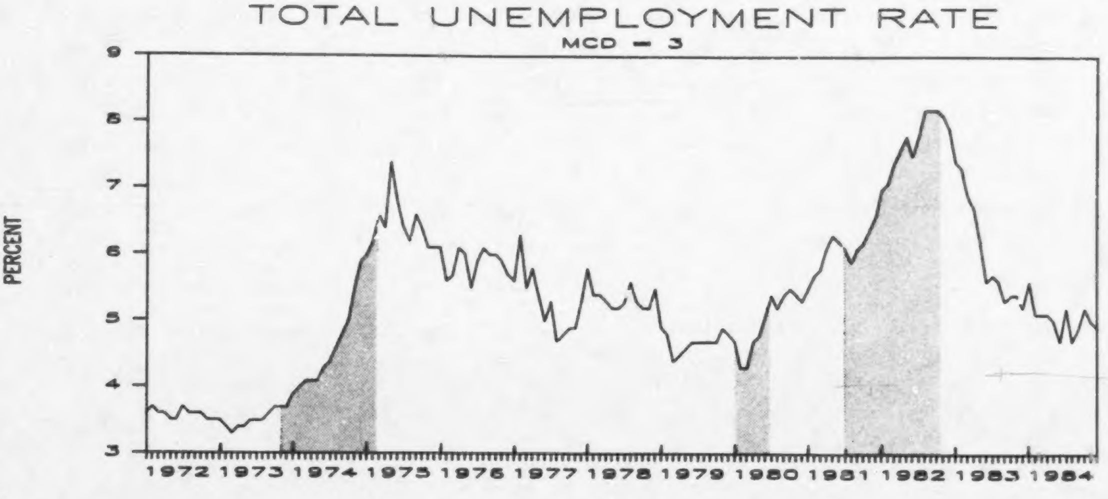
After seasonal adjustment there often remains a significant degree of purely random change, the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data--the greater the MCD the more random and less cyclically significant are monthly changes in the series. Where noted, charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

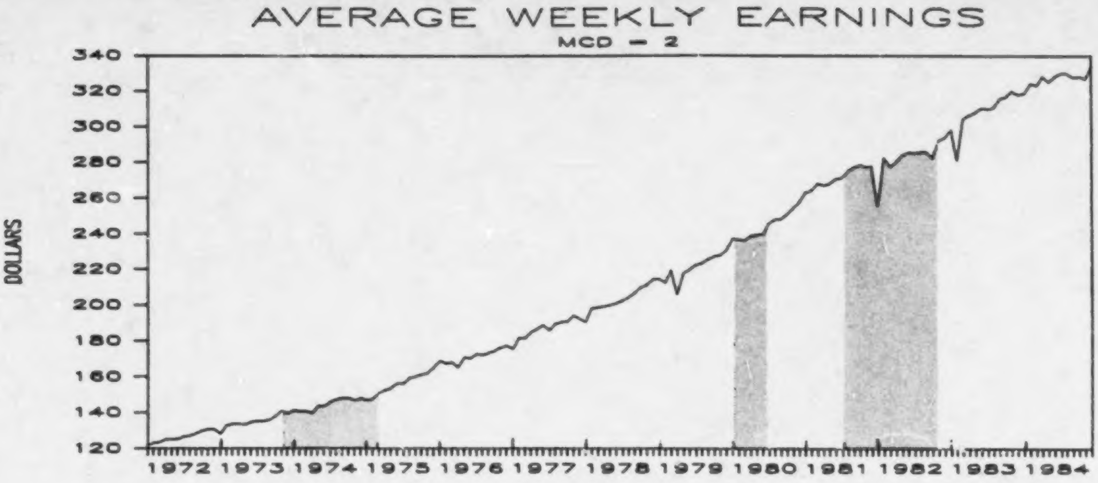
DATA SOURCES

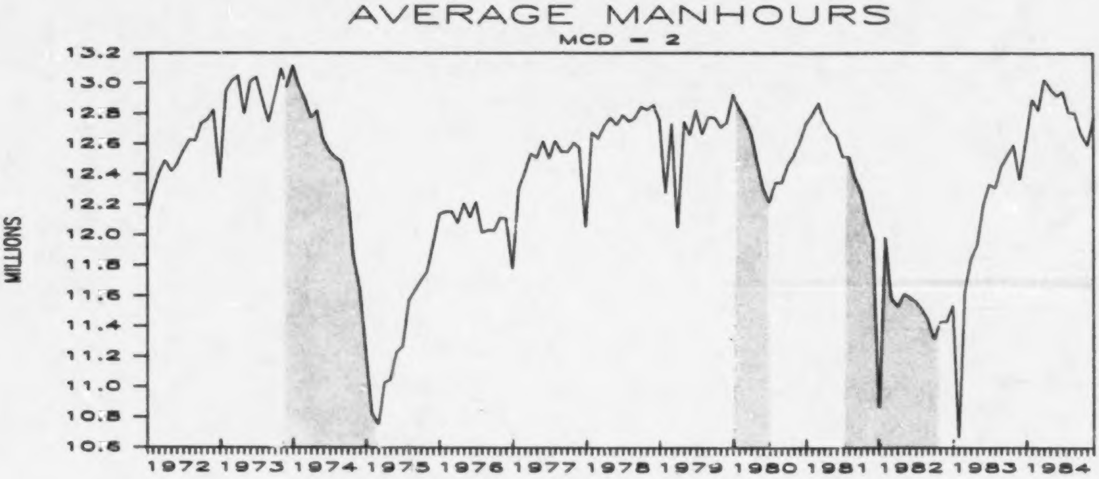
Nonagricultural Wage and Salary Employment	Virginia Employment Commission (VEC)
Manufacturing Employment	VEC
Total Unemployment Rate	VEC
Average Weekly initial Claims	VEC
Average Weekly Insured Unemployment Rate	VEC
Unemployment Insurance Final Payments	VEC
Average Weekly Hours	VEC
Average Manhours	VEC
Average Hourly Earnings	VEC
Average Weekly Earnings	VEC
New Business Incorporations	Virginia State Corporation Commission
Valuation of Building Permits - 18 Cities	Local Building Inspectors
New Vehicle Registration	Virginia State Division of Motor Vehicles
Commercial and Industrial Power Sales	VEPCO, Appalachian Power Co., Delmarva Electric Co., Tennessee Power Company
Taxable Retail Sales	Virginia State Department of Taxation

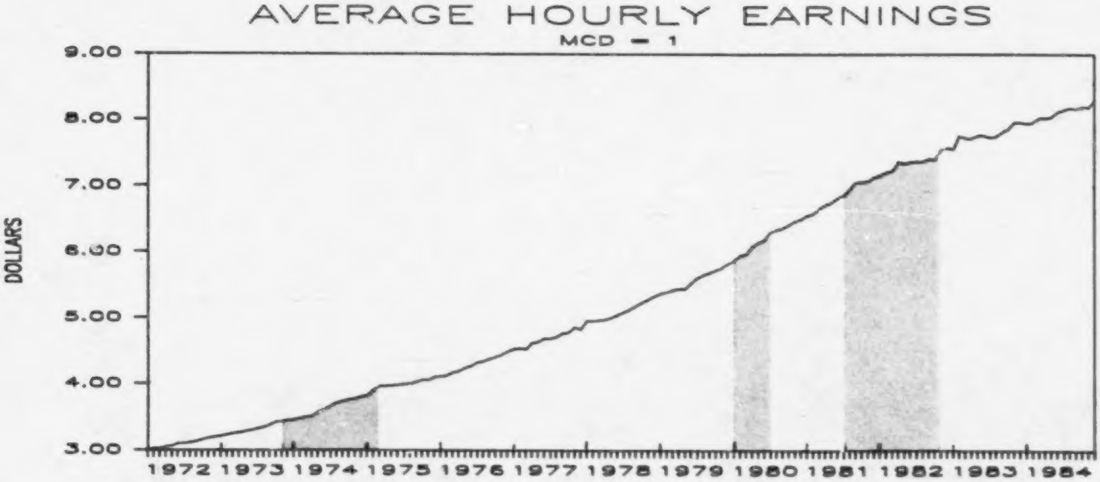

NONAG WAGE & SALARY EMPLOYMENT
MCD = 1
MILLIONS
2.4
2.3
2.2
2.1
2.0
1.9
1.8
1.7
1.6
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984


MANUFACTURING EMPLOYMENT
MCD = 1
THOUSANDS
430
420
410
400
390
380
370
360
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

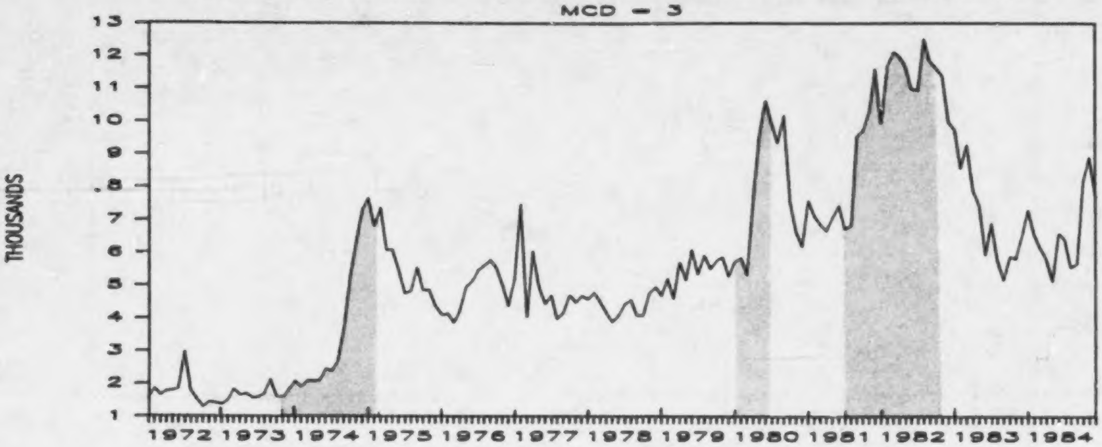

TOTAL UNEMPLOYMENT RATE
MCD = 3
PERCENT
9
8
7
6
5
4
3
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984


AVERAGE WEEKLY EARNINGS
MCD — 2
DOLLARS
340
320
300
280
260
240
220
200
180
160
140
120
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

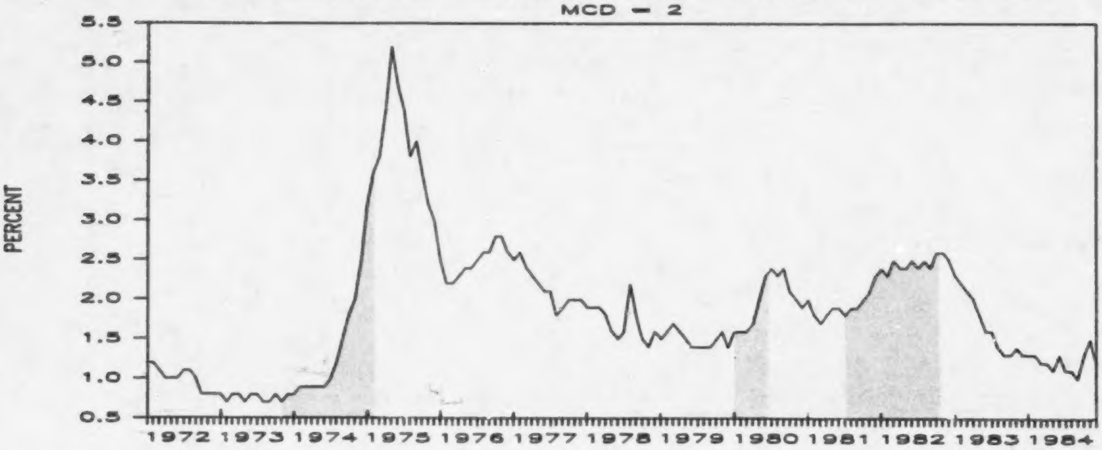

AVERAGE MANHOURS
MCD — 2
MILLIONS
13.2
13.0
12.8
12.6
12.4
12.2
12.0
11.8
11.6
11.4
11.2
11.0
10.8
10.6
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984


AVERAGE HOURLY EARNINGS
MCD — 1
DOLLARS
9.00
8.00
7.00
6.00
5.00
4.00
3.00
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

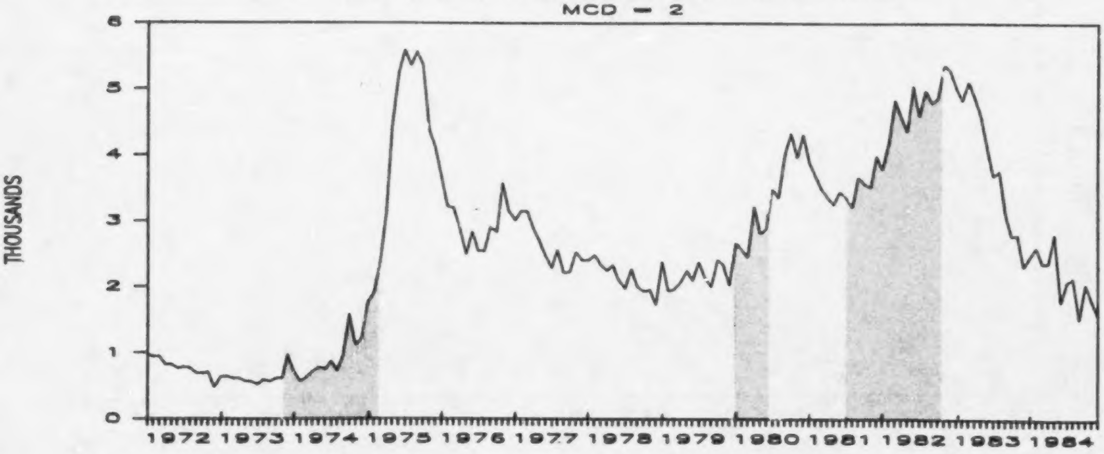
AVERAGE WEEKLY INITIAL CLAIMS
MCD - 3

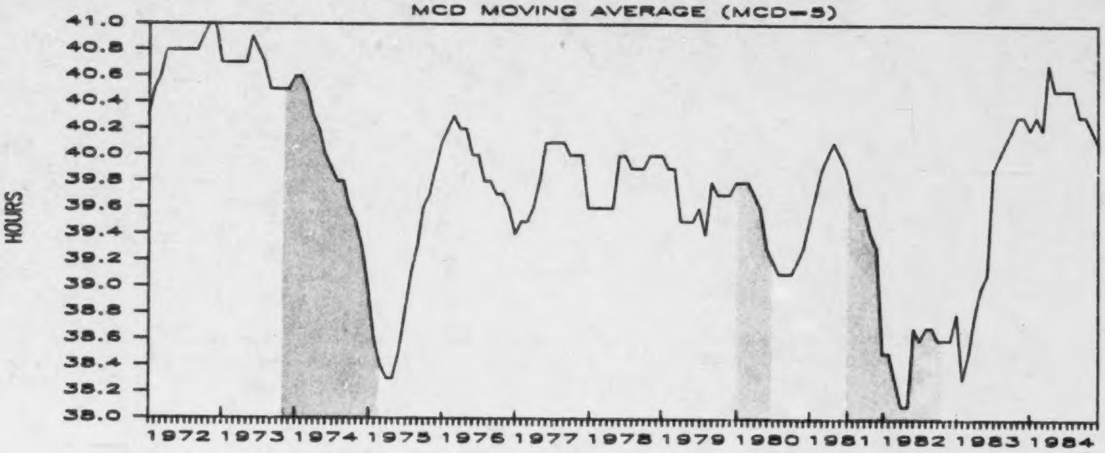


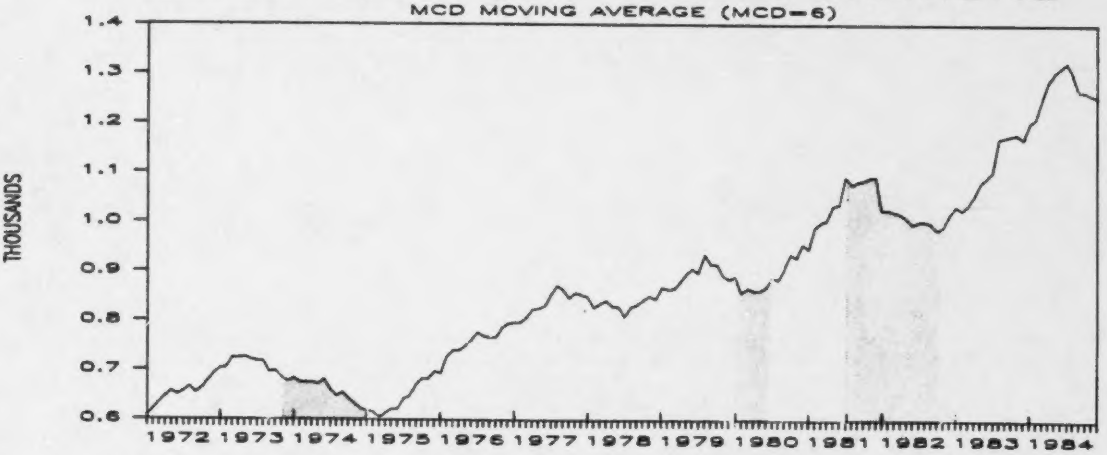
INSURED UNEMPLOYMENT RATE
MCD - 2

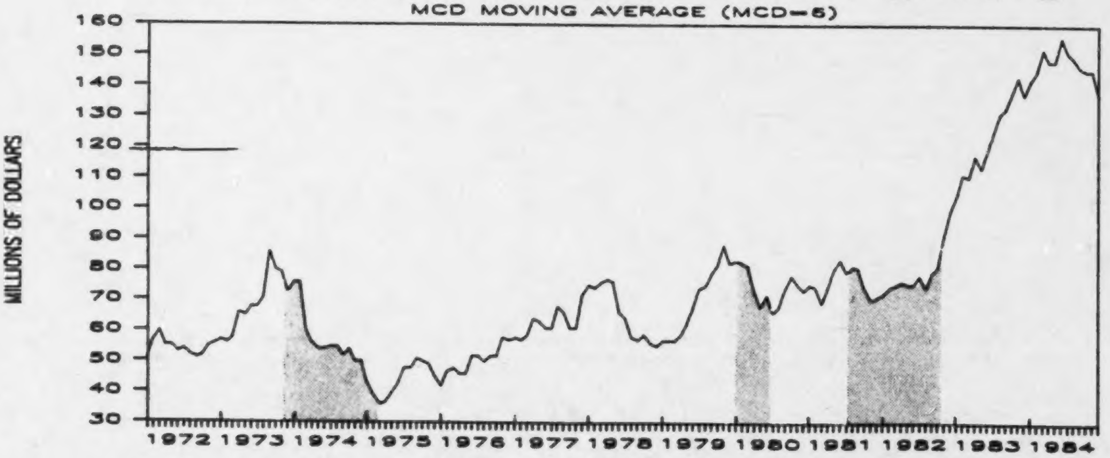


U. I. FINAL PAYMENTS
MCD - 2

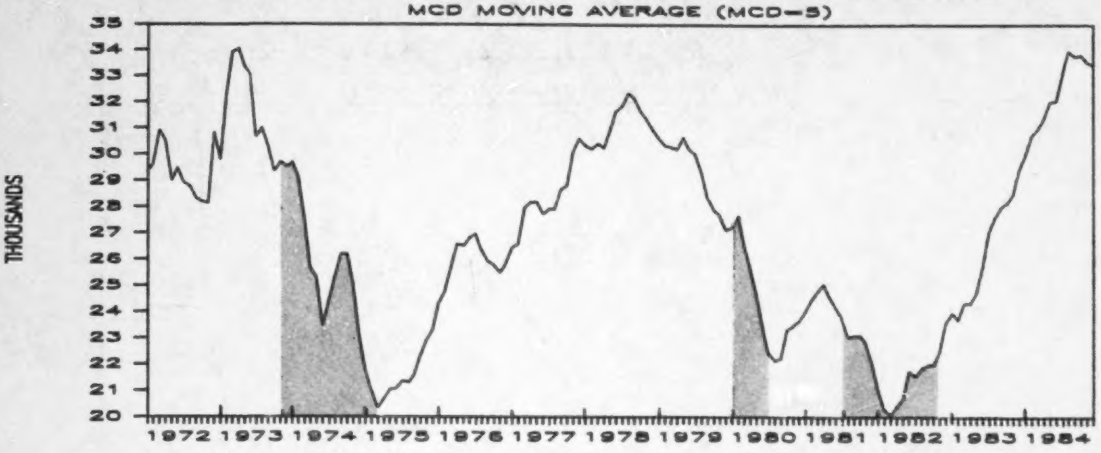



AVERAGE WORKWEEK
MCD MOVING AVERAGE (MCD=5)

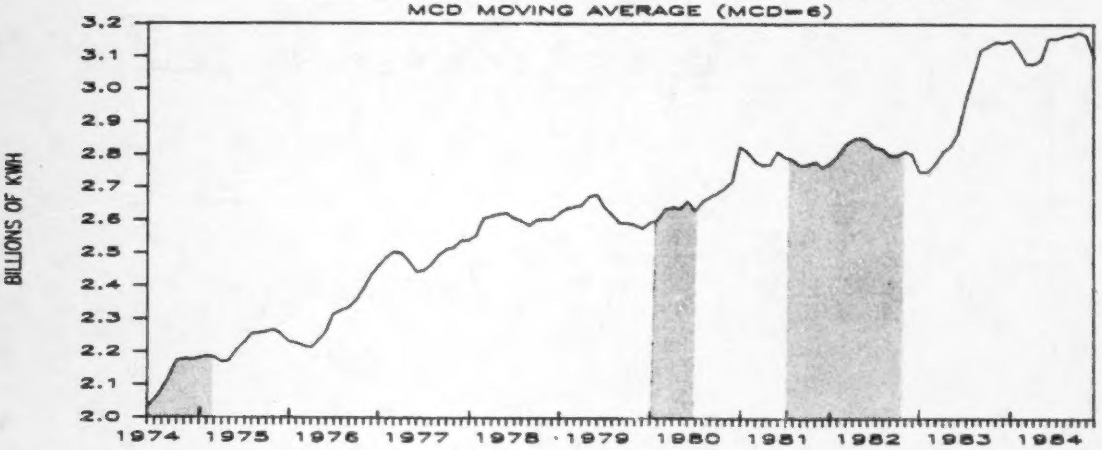

NEW BUSINESS INCORPORATIONS
MCD MOVING AVERAGE (MCD=6)


VALUATION OF BUILDING PERMITS
MCD MOVING AVERAGE (MCD=6)

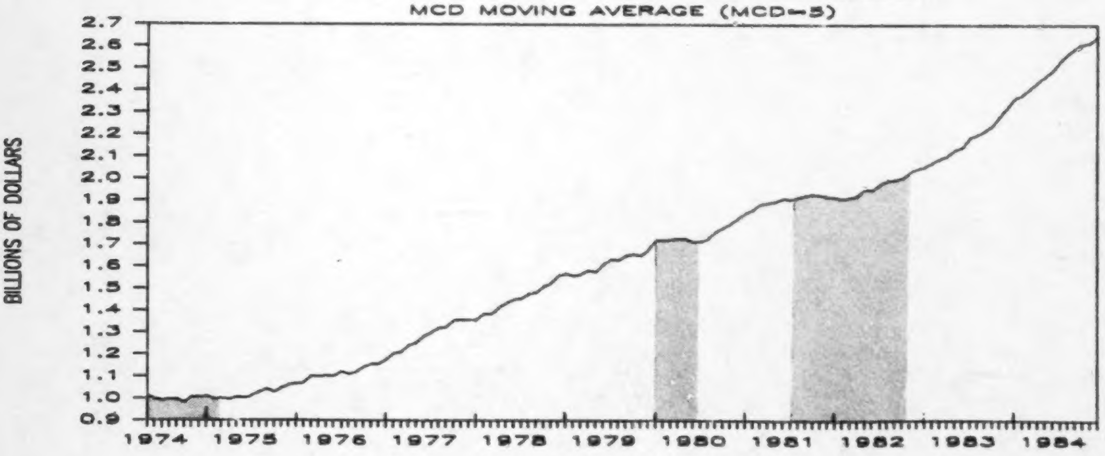
NEW VEHICLE REGISTRATIONS
MCD MOVING AVERAGE (MCD=5)



ELECTRICAL POWER SALES
MCD MOVING AVERAGE (MCD=6)

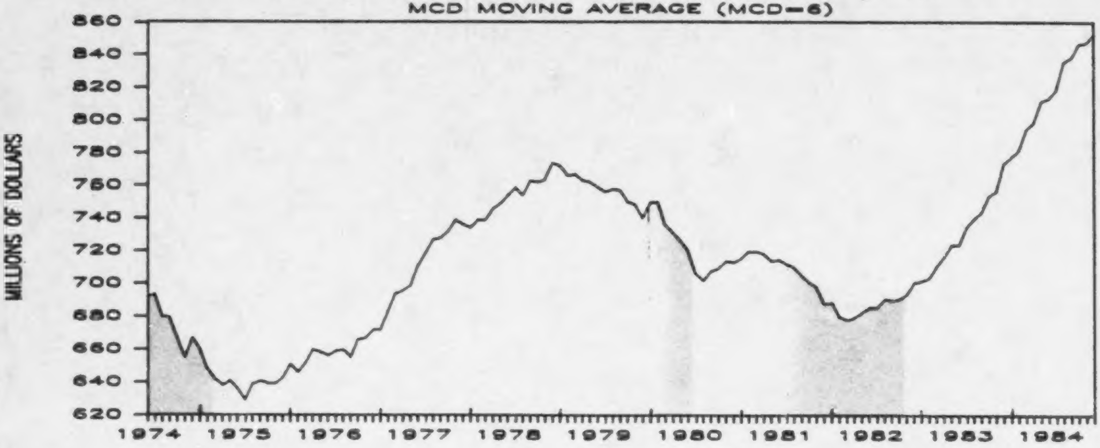


TAXABLE RETAIL SALES
MCD MOVING AVERAGE (MCD=5)



TAXABLE RETAIL SALES/CPI

MCD MOVING AVERAGE (MCD=6)

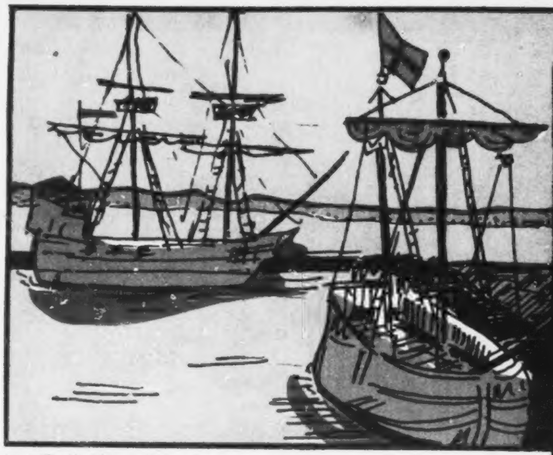


8/19/85 58205-4 A

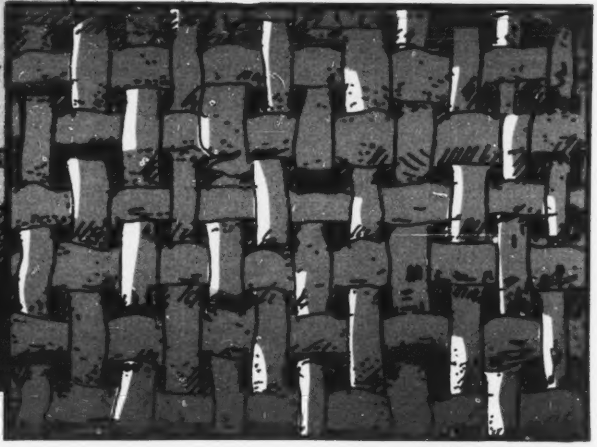
VIRGINIA ECONOMIC INDICATORS

VOL. XVII NO. 1

1st QUARTER 1985 DATA

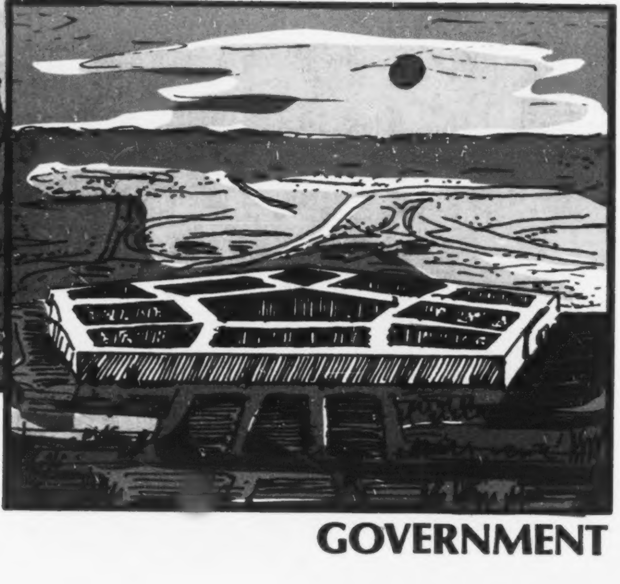


TOURISM



TEXTILES

TOBACCO



GOVERNMENT

Virginia Employment Commission

FOREWORD

This publication is designed to depict the movement of Virginia's key economic indicators in graphic and tabular form with accompanying narrative analysis.

We welcome any comments, suggestions, or questions concerning Virginia Economic Indicators. Please contact Ralph C. Robinson, Director, Research and Analysis Division, P. O. Box 1358, Richmond, Virginia 23211, telephone (804) 786-7496, for additional information or explanation of the contents of this document.

TABLE OF CONTENTS

Page

FOREWORD iii

RECOVERY STILL HAS FIRE IN ITS BELLY vii

HIGHLIGHTS VIRGINIA ECONOMIC INDICATORS, FIRST QUARTER 1985 viii

VIRGINIA ECONOMIC INDICATORS, FIRST QUARTER DATA 1

EMPLOYMENT AND UNEMPLOYMENT INDICATORS, JANUARY 1984 TO MARCH 1985 2

- Nonagricultural Wage & Salary Employment
- Manufacturing Employment
- Total Unemployment Rate
- Average Weekly Initial Claims
- Average Weekly Insured Unemployment Rate
- U. I. Final Payments

MANUFACTURING PRODUCTION WORKER INDICATORS, JANUARY 1984 TO MARCH 1985 4

- Average Weekly Hours
- Average Manhours
- Average Hourly Earnings
- Average Weekly Earnings

BUSINESS INDICATORS, JANUARY 1984 TO MARCH 1985 6

- New Business Incorporations
- Valuation of Building Permits
- New Vehicle Registrations
- Electrical Power Sales
- Taxable Retail Sales

DATA SUMMARY, MARCH 1985 8

SUMMARY: MOVEMENT OF INDICATORS, JANUARY 1984 TO MARCH 1985 8

DATA SUMMARY, JANUARY AND FEBRUARY 1985 9

EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA, 1983 AND 1984 ANNUAL AVERAGES 10

PERSONAL INCOME 11

HISTORICAL SUMMARY, PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE 15

RECOVERY STILL HAS FIRE IN ITS BELLY

No one should puzzle over the calm with which economists took the paltry 0.7 percent real GNP growth rate in First Quarter 1985. Expect an upward revision to near the 2.0 percent range soon. Larger revisions took place in 1984 - Third quarter and earlier. More than enough evidence exists to continue expectations of real GNP growth within our 1985 target range of 3-4 percent:

- The prime rate has been stable or declining for the last two quarters;
- The Fed, running under its M_1 target and seeing the first quarter lull, will ease M_1 through the summer to keep interest rates stable;
- Business investment is running ahead of the average of the last four recoveries;
- Consumer confidence edged up despite a small increase in the savings rate;
- Household net worth continues to rise;
- An 0.9 percent April rise in retail sales put its growth back on a 4-5 percent annual rate;
- Government defense spending will rise at least at the inflation rate so Virginia defense and related manufacturing activity will be sustained;
- Despite the rankling in Congress, $55-60 billion in budget cuts are locked up.

Not that there are not areas of concern:

- Productivity was off in this past quarter;
- Inflation creeped up to a 6 percent annual rate in April.
- Unit labor costs overtook their 1981 levels;
- The merchandise trade balance deficit doubled from about $13 billion to $26 billion further undermining textile and apparel employment and taking a slice out of the GNP growth rate. More than half ($9.6 billion in 1972 dollars) of the 4.5 percent growth rate in real consumption ($18.3 billion) was captured by imports while real exports fell $3.1 billion;
- Bipartisan hostility in Congress remains a concern in terms of achieving the remaining $30-40 billion more in budget cuts needed to stabilize interest rates and reduce the over-value of the dollar.

However, capacity utilization is still in the low 80 percent range. So with a pickup in the second quarter of real GNP to the 3 percent range, productivity will recover to the 1 percent level and labor costs increases will subside, taking pressure off inflation.

While we expect Congress to settle down to get the budget cuts needed for stable interest rates, a cheaper dollar and slowing of import increases, imports will continue to sap GNP gains.

HIGHLIGHTS
VIRGINIA ECONOMIC INDICATORS
First Quarter 1985

° Nonagricultural employment in Virginia reached a new record of 2,402,000, in March, an impressive 106,200 more jobs than a year ago.

° Factory employment obtained an all-time record level of 424,000 in January, before incurring losses in textiles, apparel, and electronics brought on by import competition and the strong U. S. dollar.

° Despite a few troublesome factory layoffs caused by import competition, strong construction, trade and service sector growth brought the seasonally adjusted First Quarter 1985 unemployment rate down to 5.2 percent, slightly below the 5.3 percent First Quarter 1984 rate.

° Construction employment at the end of the first quarter in March was running over 16 percent ahead of March 1984.

° The valuation of building permits at an average of $174.4 million in First Quarter 1985 were $12.8 million or 7.9 percent ahead of First Quarter 1984.

° Wholesale and retail trade employment at 525,100 in March was 30,700 or 6.2 percent ahead of March 1984.

° The number of UI final payments in First Quarter 1985 was down 6.1 percent from First Quarter 1984, indicating a reduction in the number of long-term unemployed.

° Manufacturing production workers' wages rose to $339.88 per week in March, $16.19 higher than in March 1984.

° Taxable retail sales set a new seasonally adjusted record of $2,804 million in March.

° Consumer prices continued their moderate rate of increase. The CPI for All Urban Consumers was 317.4 (1967 = 100) for the quarter, only 3.6 percent higher than First Quarter 1984.

° Median weekly earnings of U. S. families with wage and salary workers climbed 4.3 percent over the year to $508.00 in the first quarter, exceeding the CPI-U yearly rise of 3.6 percent for a real increase of 0.7 percent.

° Virginia's coal production at 12,160,000 short tons in the first quarter was 29.0 percent above the first quarter of last year, for the best rate of increase of any eastern coal producing state. This was the largest absolute increase in production of all coal producing states in the first quarter.

° Retail sales in Virginia climbed a healthy 16.5 percent in 1984 from the 1983 level, the State Department of Taxation has reported. Statewide consumer sales last year reached $28.48 billion, as measured by sales tax revenue, up from the $24.45 billion the State received in 1983.

° Nationwide housing starts were up 16.2 percent in March, and domestic car sales exceeded the eight $8 million annual unit selling rate.

VIRGINIA ECONOMIC INDICATORS

VOL. XVII, NO. 1

FIRST QUARTER DATA

Positive First Quarter Series Movement Indicates Life Still Left in Thirty-Month Old Recovery Cycle

The fifteen indicators used to measure the performance of the State's economy exhibited a positive overall movement in the First Quarter 1985, building on the rally of December 1984. The majority of the indicators turned in a better performance this quarter than in Fourth Quarter 1984 although some series were still muddled with much "backing and filling." In January, eight series were up, six were down, and one was unchanged. February saw nine series up and six down, but snowstorms caused some disruption in the key employment and production worker series. In March, eight series moved ahead, five were off, and two remained unchanged. Strong rebounds were exhibited in the employment and unemployment series, and taxable retail sales continued at a rapid pace. While the overall upward trend indicated there is still some steam left in the thirty-month old recovery cycle, only average weekly earnings of the fifteen series showed improvement during each of the three months.

The six-month moving average of the number of rising indicators (page 8) serves to highlight the recently improved performance. The moving average enhances analysis, because it smooths out much of the irregularity present in many of the individual series.

Nonagricultural Employment Still a Star Performer Despite Some Factory Weaknesses

Nonagricultural employment continued to be a fairly strong performer, being positive in both January (+1.1 percent) and March (+0.2 percent). February's nonfarm performance was off temporarily by 0.2 percent because of stormy weather in the western third of the State during the midmonth period when the statistics were gathered. This loss was quickly made up during a milder than usual March when nonfarm rolls reached an all-time seasonally adjusted high of 2,402,000, which was 106,200 above the March 1984 level. Driving forces behind the nonagricultural gains were construction, services, trade, and government/defense.

The manufacturing industries failed to exhibit the end-of-the-quarter strength of the nonfactory sectors, posting losses of 0.2 percent in February and 0.3 percent in March after reaching a record seasonally adjusted level of 424,000 in January. A return of temporary layoffs to the textile, apparel, and electronics industries in February was caused in part by import competition and the strong U. S. dollar.

These temporary layoffs caused by "inventory jitters" in the above industries also had some impact on the indicators related to factory production. Average hourly earnings were off by 0.2 percent by March after moving ahead in February. Aggregate manhours were stable in March at 12,803,600 after slipping 0.4 percent in February. Average weekly hours at 40.2 in March recovered only half of the time lost in February. Average weekly earnings, moving up gradually over the three-month period, was the only series to be consistently positive throughout the quarter.

The strong growth in nonmanufacturing industries was enough to offset most of the factory losses, so by March three of the four unemployment series indicators--total unemployment rate, average weekly initial claims, and unemployment insurance final payments--were all positive, and the insured unemployment rate held steady at 1.3 percent. Unemployment at 5.0 percent in March was at the lowest level since December. Three of the unemployment indicators had also been positive in February with only initial claims slipping into the negative column. January was just the reverse with initial claims positive and the other three unemployment related series negative.

The other business-related indicators were slightly more negative than positive indicating the maturity of the present business cycle. New business incorporations flip-flopped back and fourth being slightly negative in both January and March with a strong positive direction in between in February. The volatile valuations of building permits were off by 16.3 percent in March after very strong gains in January and February. Construction activity was at the highest level in six years with warm dry March weather causing springtime building activity to expand ahead of schedule. This indicator may be taking a breather this month simply because so many building permits have recently been issued. New vehicle registrations also seemed to lack strong direction, being very positive in January, off in February and slightly higher in March. Electric power sales were down in both January and March, but increased 16.8 percent in February. This pattern may have been reflecting the first quarter's weather variations. Taxable retail sales were up 6.8 percent in February and 8.2 percent in March after being off 9.8 percent in January. A moderately early Easter was a factor in the increased retail activity late in the quarter.

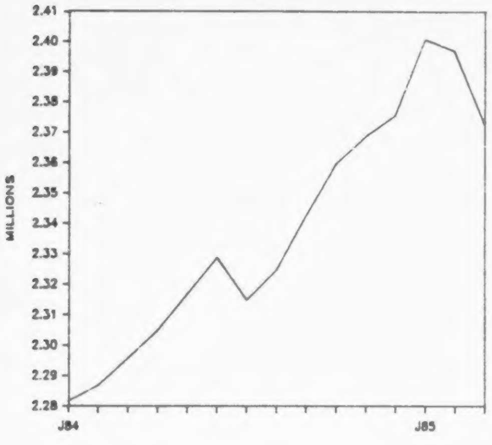
EMPLOYMENT AND UNEMPLOYMENT INDICATORS
January 1984 to March 1985

	Nonagricultural Wage & Salary Emp.* (Thousands)		Manufacturing Employment* (Thousands)		Total Unemployment Rate* (Percent)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	2,238.0	2,281.6	411.8	416.4	6.2	5.6
February	2,243.9	2,287.2	413.7	418.5	5.7	5.1
March	2,268.3	2,295.8	416.2	420.2	5.4	5.1
April	2,297.4	2,305.1	417.8	420.1	5.0	5.1
May	2,327.3	2,317.3	418.9	420.7	4.8	5.0
June	2,362.7	2,329.0	423.5	422.6	4.9	5.0
July	2,332.5	2,315.3	420.8	421.6	5.2	5.2
August	2,339.5	2,325.0	423.0	421.2	4.4	4.7
September	2,362.2	2,342.5	426.1	420.8	4.4	4.9
October	2,368.2	2,359.9	424.7	420.4	4.8	5.1
November	2,374.6	2,368.6	422.3	419.2	4.8	4.9
December	2,385.8	2,375.6	422.4	420.4	5.0	4.8
1985						
January	2,355.5	2,401.1	419.3	424.0	5.9	5.3
February	2,351.8	2,397.3	418.2	423.3	5.8	5.2
March	2,373.2	2,402.0	417.8	422.0	5.3	5.0

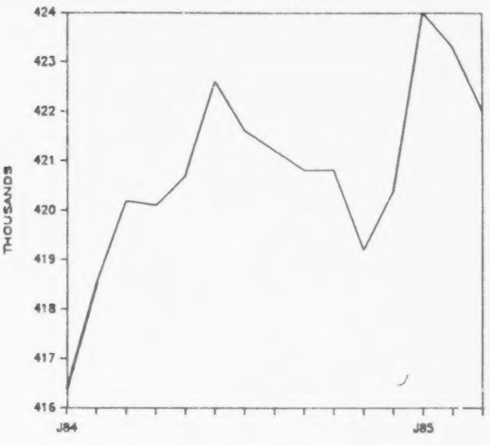
	Average Weekly Initial Claims (Number)		Avg. Wkly. Insured Unemployment Rate (Percent)		U. I. Final Payments (Number)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	12,255	6,919	1.9	1.3	2,375	2,494
February	6,459	6,406	1.7	1.3	2,368	2,533
March	5,584	6,019	1.5	1.2	2,814	2,273
April	5,033	5,872	1.2	1.2	3,016	2,296
May	4,098	5,470	1.0	1.1	3,031	2,751
June	5,580	6,454	1.1	1.3	1,987	1,734
July	5,956	6,536	1.0	1.2	2,134	2,112
August	4,108	5,966	0.9	1.1	1,972	2,095
September	4,213	6,170	0.8	1.1	1,434	1,806
October	6,956	7,994	1.0	1.3	1,601	2,077
November	8,771	8,580	1.3	1.4	1,545	1,823
December	12,900	7,787	1.2	1.1	1,575	1,675
1985						
January	12,108	6,829	2.2	1.5	2,613	2,753
February	8,996	8,925	1.8	1.3	2,052	2,195
March	6,752	7,252	1.6	1.3	2,374	1,907

*These series have been adjusted to First Quarter 1984 benchmarks.

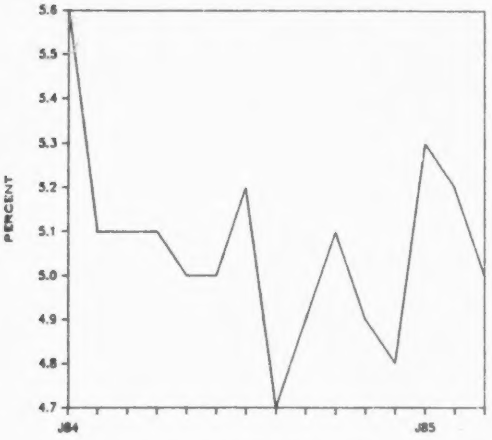
NONAG W & S EMPLOYMENT



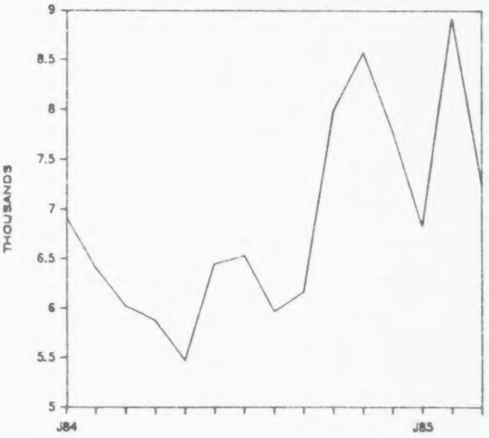
MANUFACTURING EMPLOYMENT



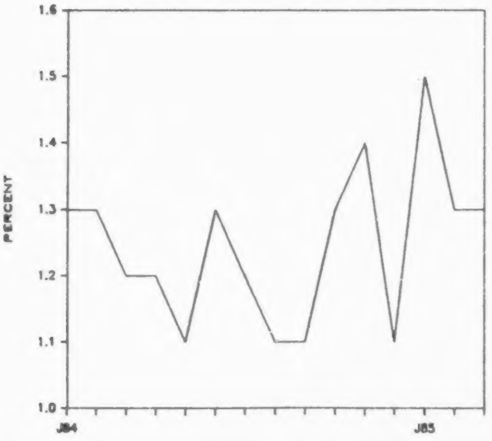
TOTAL UNEMPLOYMENT RATE



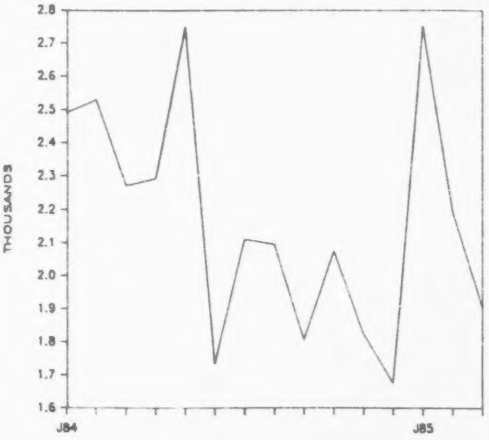
AVG. WEEKLY INIT. CLAIMS



INSURED UNEMPLOYMENT RATE



U. I. FINAL PAYMENTS



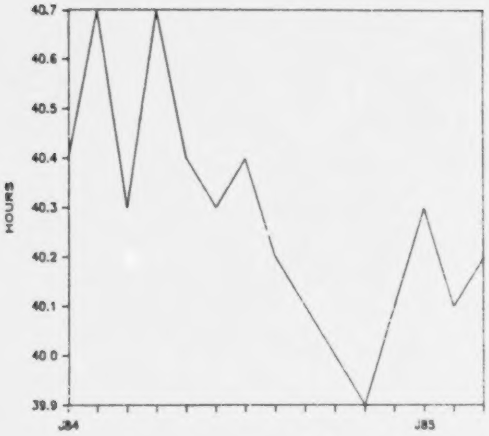
MANUFACTURING PRODUCTION WORKER INDICATORS
January 1984 to March 1985

	Average Weekly Hours* (Hours)		Average Manhours* (Thousands)	
1984	Unadj.	Adj.	Unadj.	Adj.
January	39.6	40.4	12,379.8	12,732.0
February	40.1	40.7	12,586.3	12,914.4
March	40.0	40.3	12,643.5	12,875.2
April	40.3	40.7	12,781.8	13,006.0
May	40.3	40.4	12,851.3	12,940.9
June	40.8	40.3	13,058.5	12,870.7
July	40.3	40.4	12,807.6	12,874.7
August	40.4	40.2	12,873.2	12,795.9
September	40.4	40.1	13,036.1	12,767.0
October	40.1	40.0	12,879.7	12,693.1
November	40.4	39.9	12,894.1	12,631.4
December	40.8	40.1	13,031.5	12,759.1
1985				
January	39.4	40.3	12,491.1	12,850.9
February	39.5	40.1	12,470.1	12,803.0
March	39.9	40.2	12,573.1	12,803.6

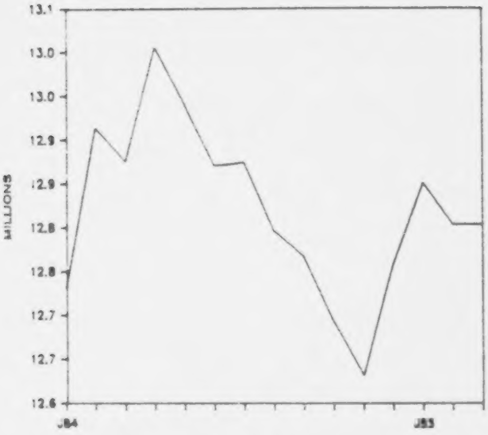
	Average Hourly Earnings* (Dollars)		Average Weekly Earnings* (Dollars)	
1984	Unadj.	Adj.	Unadj.	Adj.
January	8.04	7.95	318.38	322.02
February	7.97	7.97	319.60	324.84
March	8.03	8.02	321.20	323.69
April	8.02	8.02	323.21	325.71
May	8.03	8.05	323.61	325.13
June	8.09	8.13	330.07	327.70
July	8.14	8.17	328.04	330.35
August	8.16	8.21	329.66	330.35
September	8.17	8.19	330.07	327.98
October	8.17	8.20	327.62	327.39
November	8.23	8.18	332.49	326.40
December	8.31	8.28	339.05	331.70
1985				
January	8.37	8.28	329.78	333.79
February	8.45	8.46	333.78	339.55
March	8.45	8.44	337.16	339.88

*These series have been adjusted to First Quarter 1984 benchmarks.

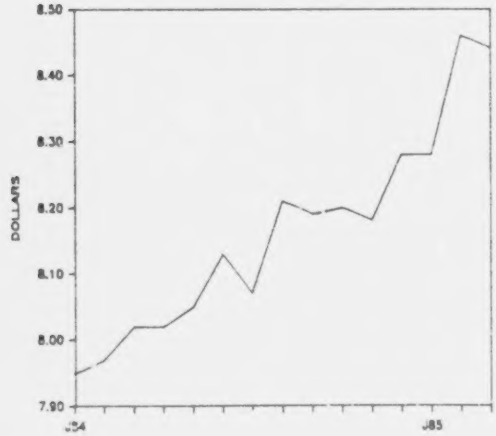
AVERAGE WEEKLY HOURS



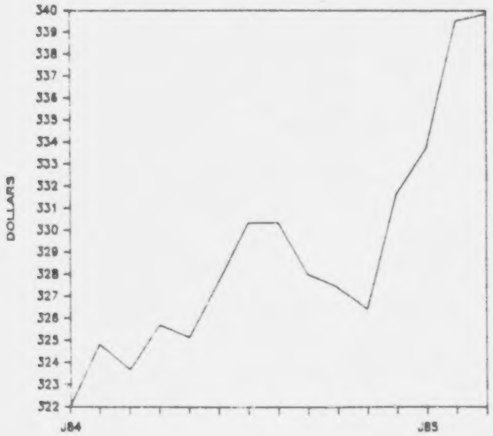
AVERAGE MANHOURS



AVERAGE HOURLY EARNINGS



AVERAGE WEEKLY EARNINGS

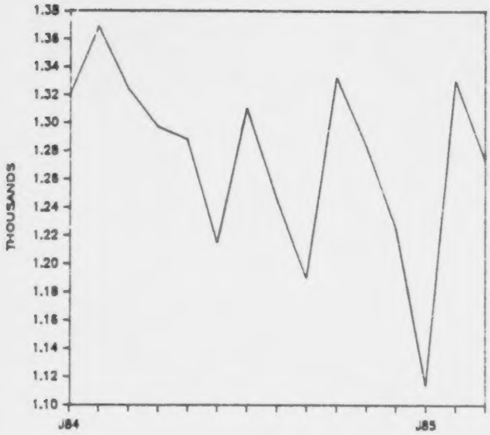


BUSINESS INDICATORS
January 1984 to March 1985

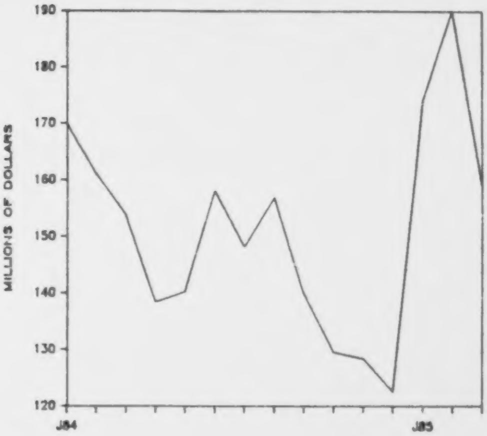
	New Business Incorporations (Number)		Valuation of Bldg. Permits ($ Millions)		New Vehicle Registrations (Number)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	1,373	1,320	136.3	169.9	29,459	32,794
February	1,329	1,369	117.4	161.1	28,700	32,245
March	1,476	1,324	189.1	153.8	34,898	29,971
April	1,417	1,297	153.4	138.5	35,032	31,041
May	1,300	1,288	135.2	140.4	36,395	33,517
June	1,246	1,215	193.7	158.1	37,953	32,229
July	1,243	1,311	169.1	148.2	42,134	38,367
August	1,290	1,246	155.3	157.0	35,989	33,437
September	1,128	1,190	137.6	139.9	30,085	30,812
October	1,302	1,333	128.9	129.5	31,383	34,333
November	1,152	1,284	141.1	128.3	27,628	31,985
December	1,148	1,226	91.1	122.5	23,205	31,768
1985						
January	1,154	1,114	139.1	174.1	33,530	37,464
February	1,294	1,331	139.8	190.0	29,072	32,665
March	1,424	1,274	195.6	159.0	38,164	32,843

	Electrical Power Sales (Mil. of KHW)		Taxable Retail Sales ($ Millions)	
1984	Unadj.	Adj.	Uadj.	Adj.
January	3,777.6	3,121.1	2,236.0	2,436.4
February	3,414.4	3,073.3	2,085.7	2,341.3
March	3,145.6	3,137.8	2,295.5	2,487.3
April	2,882.9	3,129.2	2,427.9	2,481.0
May	2,639.7	3,163.7	2,723.1	2,571.2
June	3,080.9	3,281.3	2,563.8	2,561.5
July	3,379.9	3,122.2	2,576.8	2,549.6
August	3,416.7	3,071.5	2,600.0	2,658.3
September	3,204.7	3,153.8	2,653.4	2,636.6
October	2,772.0	3,149.1	2,667.6	2,679.9
November	2,740.3	3,078.5	2,679.9	2,667.8
December	3,086.8	3,049.2	3,322.3	2,689.3
1985				
January	3,594.5	2,963.3	2,247.3	2,426.9
February	3,835.0	3,461.2	2,311.6	2,591.5
March	3,186.8	3,183.6	2,599.4	2,804.1

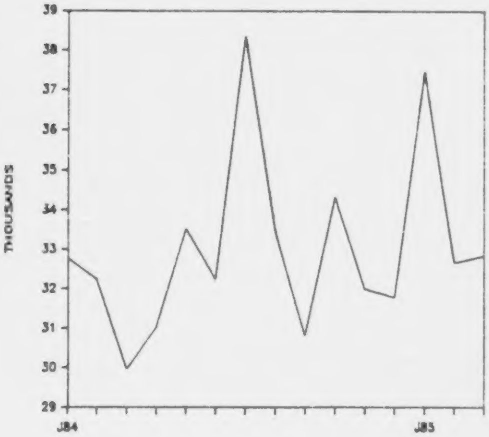
NEW BUSINESS INCORPORATIONS



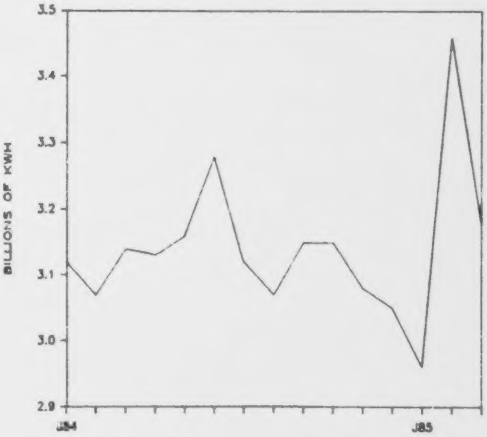
VALUATION OF BUILDING PERMITS



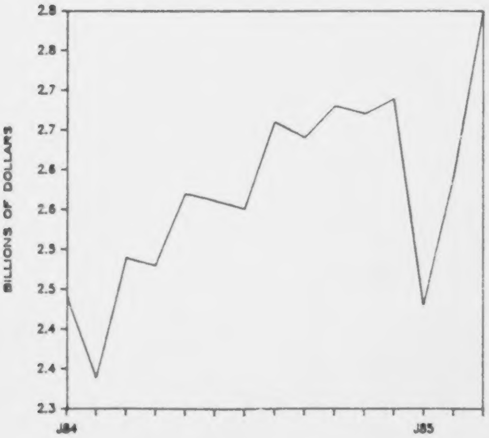
NEW VEHICLE REGISTRATIONS



ELECTRICAL POWER SALES



TAXABLE RETAIL SALES

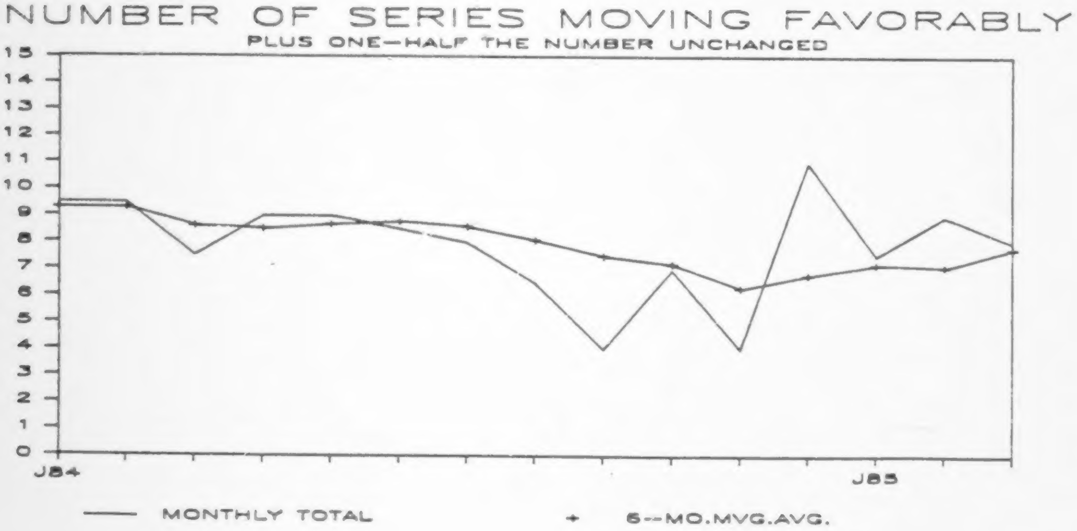


DATA SUMMARY MARCH 1985 (SEASONALLY ADJUSTED DATA)	Mar. 1985	Feb. 1985	Mar. 1984	Percent & (Direction) of Change 1/ Feb. - Mar.
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,402.0	2,397.3	2,295.8	+ 0.2 (+)
*Manufacturing Employment (000)	422.0	423.3	420.2	- 0.3 (-)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	5.0	5.2	5.1	- 3.9 (+)
Average Weekly Initial Claims	7,252	8,925	6,019	-18.8 (+)
Average Weekly Insured Unemployment Rate (%)	1.3	1.3	1.2	0.0 (0)
Unemployment Insurance Final Payments	1,907	2,195	2,273	-13.1 (+)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.2	40.1	40.3	+ 0.3 (+)
*Average Manhours (000)	12,803.6	12,803.0	12,875.2	0.0 (0)
*Average Hourly Earnings ($)	8.44	8.46	8.02	- 0.2 (-)
*Average Weekly Earnings ($)	339.88	339.55	323.67	+ 0.1 (+)
BUSINESS				
New Business Incorporations	1,274	1,331	1,324	- 4.3 (-)
Valuation of Building Permits - 18 Cities ($M)	159.0	190.0	153.8	-16.3 (-)
New Vehicle Registrations	32,843	32,665	29,971	+ 0.6 (+)
Electrical Power Sales (B of KWH)	3,183.6	3,461.2	3,137.8	- 8.0 (-)
Taxable Retail Sales ($B)	2,804.1	2,591.5	2,487.3	+ 8.2 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Current month's figures for these series are considered preliminary and are often revised the following month.

SUMMARY



DATA SUMMARY FEBRUARY 1985 (SEASONALLY ADJUSTED DATA)	Feb. 1985	Jan. 1985	Feb. 1984	Percent & (Direction) of Change 1/ Jan. - Feb.
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,397.3	2,401.1	2,287.2	- 0.2 (-)
*Manufacturing Employment (000)	423.3	424.0	418.5	- 0.2 (-)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	5.2	5.9	5.1	-11.9 (+)
Average Weekly Initial Claims	8,925	6,829	6,406	+30.7 (-)
Average Weekly Insured Unemployment Rate (%)	1.3	1.5	1.3	-13.3 (+)
Unemployment Insurance Final Payments	2,195	2,753	2,533	-20.3 (+)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.1	40.3	40.7	- 0.5 (-)
*Average Manhours (000)	12,803.0	12,850.9	12,914.4	- 0.4 (-)
*Average Hourly Earnings ($)	8.46	8.28	7.97	+ 2.2 (+)
*Average Weekly Earnings ($)	339.55	333.79	324.84	+ 1.7 (+)
BUSINESS				
New Business Incorporations	1,331	1,114	1,369	+19.5 (+)
Valuation of Building Permits - 18 Cities ($M)	190.0	174.1	161.1	+ 9.1 (+)
New Vehicle Registrations	32,665	37,464	32,245	-12.8 (-)
Electrical Power Sales (B of KWH)	3,461.2	2,963.3	3,073.3	+16.8 (+)
Taxable Retail Sales ($B)	2,591.5	2,426.9	2,341.3	+ 6.8 (+)

DATA SUMMARY JANUARY 1985 (SEASONALLY ADJUSTED DATA)	Jan. 1985	Dec. 1985	Jan. 1984	Percent & (Direction) of Change 1/ Dec. - Jan.
EMPLOYMENT				
*Nonagricultural Wage & Salary Employment (000)	2,401.1	2,375.6	2,281.6	+ 1.1 (+)
*Manufacturing Employment (000)	424.0	420.4	416.4	+ 0.9 (+)
UNEMPLOYMENT				
*Total Unemployment Rate (%)	5.9	4.8	5.6	+22.9 (-)
Average Weekly Initial Claims	6,829	7,787	6,919	-12.3 (+)
Average Weekly Insured Unemployment Rate (%)	1.5	1.1	1.3	+36.4 (-)
Unemployment Insurance Final Payments	2,753	1,675	2,494	+64.4 (-)
MANUFACTURING PRODUCTION WORKERS				
*Average Weekly Hours	40.3	40.1	40.4	+ 0.5 (+)
*Average Manhours (000)	12,850.9	12,759.1	12,732.0	+ 0.7 (+)
*Average Hourly Earnings ($)	8.28	8.28	7.95	0.0 (0)
*Average Weekly Earnings ($)	333.79	331.70	322.02	+ 0.6 (+)
BUSINESS				
New Business Incorporations	1,114	1,226	1,320	- 9.1 (-)
Valuation of Building Permits - 18 Cities ($M)	174.1	122.5	169.9	+42.1 (+)
New Vehicle Registration	37,464	31,768	32,794	+17.9 (+)
Electrical Power Sales (B of KWH)	2,963.3	3,049.2	3,121.1	- 2.8 (-)
Taxable Retail Sales ($B)	2,426.9	2,689.3	2,436.4	- 9.8 (-)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

* Current month's figures for these series are considered preliminary and are often revised the following month.

EMPLOYMENT IN NONAGRICULTURAL INDUSTRIES IN VIRGINIA
ANNUAL AVERAGES (In Thousands)

	1984	1983	Change 1983-1984	% Change 1983-1984
TOTAL NONAGRICULTURAL	2,325.0	2,206.9	+118.1	+ 5.4
MANUFACTURING	420.1	403.6	+ 16.5	+ 4.1
Durable Goods	194.8	182.9	+ 11.9	+ 6.5
Lumber & Wood Products	22.8	21.1	+ 1.7	+ 8.1
Furniture & Fixtures	23.7	23.0	+ 0.7	+ 3.0
Stone, Clay, & Glass Products	13.5	12.4	+ 1.1	+ 8.8
Primary Metal Industries	10.9	10.1	+ 0.8	+ 7.9
Fabricated Metal Products	18.6	18.3	+ 0.3	+ 1.6
Machinery (except Electrical)	15.0	12.9	+ 2.1	+16.3
Electric & Electronic Equipment	41.3	38.2	+ 3.1	+ 8.1
Transportation Equipment	42.2	40.5	+ 1.7	+ 4.0
Instruments & Related Products	3.6	3.5	+ 0.1	+ 2.9
Misc. Manufacturing Industries	3.2	2.9	+ 0.3	+10.3
Nondurable Goods	225.3	220.7	+ 4.6	+ 2.1
Food & Kindred Products	38.8	39.0	- 0.2	- 0.5
Tobacco Manufactures	16.1	17.1	- 1.0	- 5.8
Textile Mill Products	43.4	43.4	0.0	0.0
Apparel & Other Textile Products	32.6	32.0	+ 0.6	+ 1.9
Paper & Publishing	15.5	14.8	+ 0.7	+ 4.7
Printing & Publishing	27.8	25.4	+ 2.4	+ 9.4
Chemicals & Allied Products	32.7	32.3	+ 0.4	+ 1.2
Petroleum, Rubber & Misc. Plastics Products	15.0	13.3	+ 1.7	+12.8
Leather & Leather Products	3.4	3.4	0.0	0.0
MINING	18.1	17.4	+ 0.7	+ 4.0
CONSTRUCTION	131.8	113.9	+ 17.9	+15.7
TRANSPORTATION & PUBLIC UTILITIES	127.6	120.4	+ 7.2	+ 6.0
Railroad Transportation	13.6	13.0	+ 0.6	+ 4.6
Trucking & Warehousing	29.2	27.2	+ 2.0	+ 7.4
Transportation by Air	14.8	13.5	+ 1.3	+ 9.6
Communication	36.2	34.0	+ 2.2	+ 6.5
Electric, Gas, & Sanitary Services	19.5	18.9	+ 0.6	+ 3.2
WHOLESALE & RETAIL TRADE	513.0	480.2	+ 32.8	+ 6.8
Wholesale Trade	115.9	109.5	+ 6.4	+ 5.8
Retail Trade	397.1	370.7	+ 26.4	+ 7.1
FINANCE, INSURANCE, & REAL ESTATE	117.2	110.1	+ 7.1	+ 6.4
Banking	34.4	33.2	+ 1.2	+ 3.6
Insurance Carriers	21.3	20.7	+ 0.6	+ 2.9
Real Estate	29.5	27.0	+ 2.5	+ 9.3
SERVICES	492.8	460.4	+ 32.4	+ 7.0
Personal Services	27.6	26.3	+ 1.3	+ 4.9
Business Services	118.6	103.7	+ 14.9	+14.4
Health Services	122.2	119.4	+ 2.8	+ 2.3
GOVERNMENT	504.4	500.9	+ 3.5	+ 0.7
Federal Government	167.6	162.9	+ 4.7	+ 2.9
State & Local Government	336.8	338.0	- 1.2	- 0.4

PERSONAL INCOME

Introduction

Just as an individual's economic well-being is determined by the amount of money he or she acquires over a period of time, a modern society's economic health depends, to a large degree, upon the total amount of personal income accumulated by its individuals. The importance of personal income as an economic indicator is evident over the business cycle. Slow growth in real personal income (income adjusted for inflation) accompanies recessions while rapid increases characterize recoveries. It is often said that recoveries are led by consumers and fueled by rising personal incomes. There are probably no better examples of this than the recovery of the late 1970s and the current recovery.

Personal Income in Virginia

The charts on the following pages give a summary of Virginia's personal income growth from 1972 through 1984. Perhaps owing to the diversity of its economy, Virginia's growth rate has been more consistent than that of the nation as a whole. Personal income growth, measured in current dollars, reached peaks in the highly inflationary late 70s and early 80s. Personal income growth then subsided after 1981, concurrent with the drop in inflation. When real personal income is measured in 1972 (constant) dollars, the cyclical pattern becomes evident. During the recovery years of 1976 to 1978, real personal income in Virginia grew by about 5 percent each year. In 1984, real personal income in the State grew by better than 6 percent, the highest annual rate of increase since 1978. Conversely, during the recessionary years of 1974, 1975, and 1980, real growth slowed to less than 2 percent.

Component Shifts in Personal Income

Since the beginning of the 1970s, there have been many structural changes in the national as well as the State economy. These changes have made a considerable difference in the way that individuals derive their personal income. From 1974 to 1984, the gainers in proportionate shares of personal income have been income derived from property (i.e., dividends, interest, and rent), transfer payments, and other labor income. The losers in proportionate shares have been wages and salaries and proprietors' income.

By far, the biggest gainer over the ten-year span has been income derived from dividends, interest, and rent. Because of bank deregulation and the recent popularity of bank instruments tied to money market rates, this source of income increased by nearly 300 percent from 1974 to 1984, despite the fact that personal savings rates declined from 8.5 percent to 6.1 percent during that period.

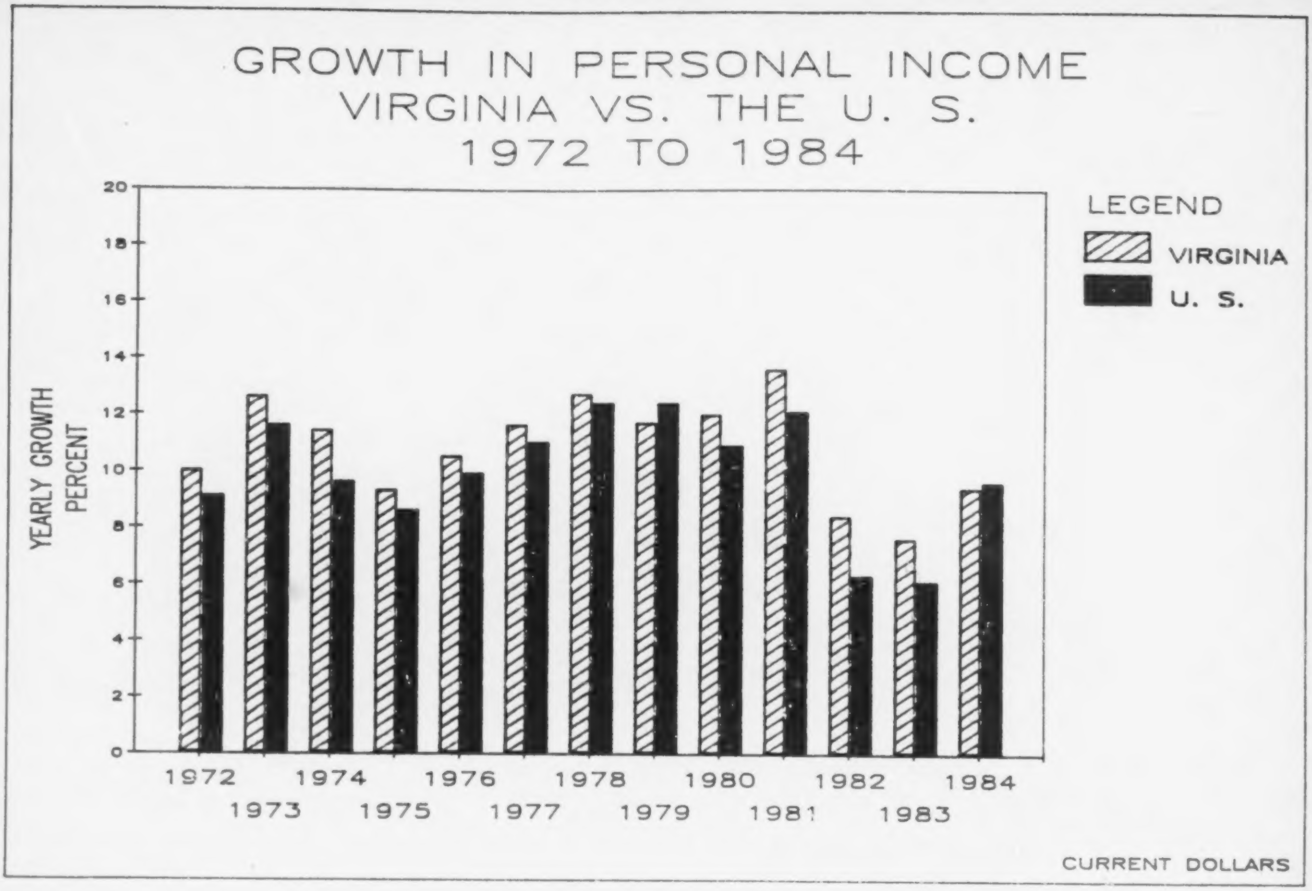
An aging population and two major recessions have been a major influence in the growth of transfer payments, which include unemployment insurance. The growth of the service sector has, no doubt, been a factor in the increased share of personal income attributed to other labor income. Other labor income consists of tips, gratuities, and other nonwage payments.

Proprietors' income and income derived from wages and salaries have grown over the ten-year period but at a slower pace than total personal income, thus accounting for the shrinking share of the personal income pie attributed to those two components. The failure of many proprietorships and the incorporation of many small, new businesses accounts for the smaller share for proprietors' income.

The largest component of personal income, wages and salaries, shrank from 66.4 percent to 59.7 percent of the total. The decreased share is traced to the rise in employment of the relatively low-paying services sector and the decline of the higher-paying construction, mining, manufacturing, and government sectors. Measured in current dollars, total personal income rose by a yearly average of 10.8 percent between 1974 and 1984, while wages and salaries rose by an average of only 9.8 percent per year during the same period.

The changing composition of Virginia's personal income should have a definite impact on future business cycles. The rising proportions attributed to nonwage income and the decline of volatile industries will add stability and temper the wide fluctuations seen in previous cycles. At the same time, the relative decline of high-paying industries will retard future rates of growth in personal income. It is likely that the next ten years will be a period of more gradual, but more even growth in the State's economy.

Alex Valz

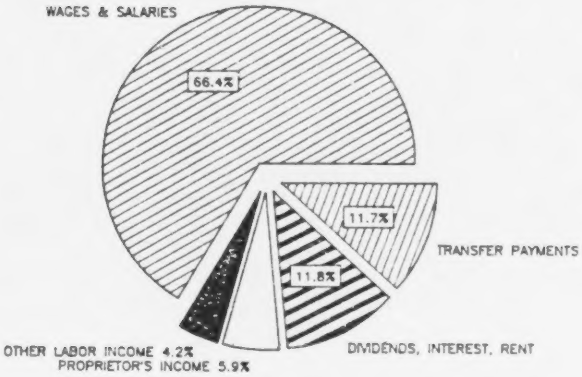


TRENDS IN VIRGINIA

	Personal Income In Current Dollars (Millions)	Yearly Growth (Percent)	Personal Income In 1972 Dollars (Millions)	Yearly Growth (Percent)
1972	$21,110	+10.1	$21,110	7.3
1973	23,770	+12.7	22,490	6.5
1974	26,500	+11.5	22,780	1.3
1975	28,980	+ 9.4	23,150	1.6
1976	32,060	+10.6	24,350	5.2
1977	35,818	+11.7	25,511	4.8
1978	40,401	+12.8	26,934	5.6
1979	45,167	+11.8	27,829	3.3
1980	50,644	+12.1	28,309	1.7
1981	57,580	+13.7	29,665	4.8
1982	62,457	+ 8.5	30,422	2.6
1983	67,271	+ 7.7	31,494	3.5
1984	73,638	+ 9.5	33,411	6.1

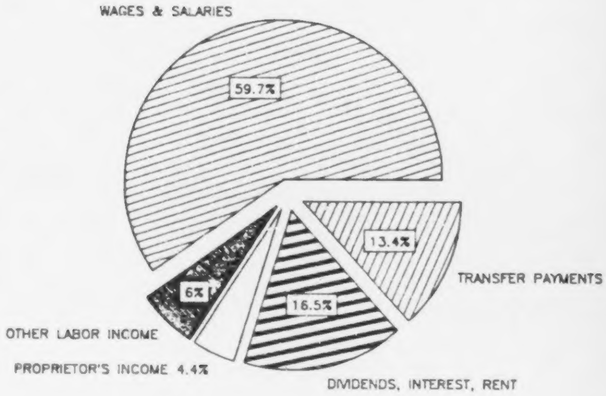
Source: Bureau of Economic Analysis

PERSONAL INCOME
VIRGINIA
1974



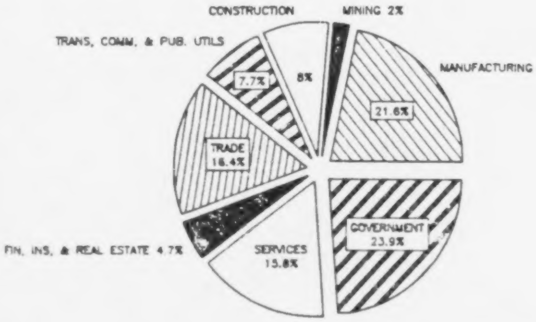
SOURCE OF INCOME.

PERSONAL INCOME
VIRGINIA
1984



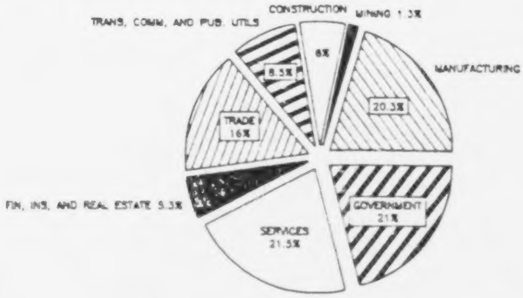
SOURCE OF INCOME

WAGES AND SALARIES
VIRGINIA
1974



SOURCE OF WAGES

WAGES AND SALARIES
VIRGINIA
1984



SOURCE OF WAGES

SOURCE: BUREAU OF ECONOMIC ANALYSIS

HISTORICAL SUMMARY

Performance of Indicators Over the Business Cycle

GENERAL INFORMATION

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The shaded spaces on the charts represent the 1973-75, 1980, and 1981-82 recessions as designated by the National Bureau of Economic Research (NBER). The beginning of a recession is defined as the month when aggregate economic activity in the U. S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. According to NBER, the 1973-75 recession began in November 1973 and ended in March 1975, the 1980 recession began in January 1980 and ended in July 1980, and the 1981-82 recession began in July 1981 and ended in November 1982.

SEASONAL ADJUSTMENT

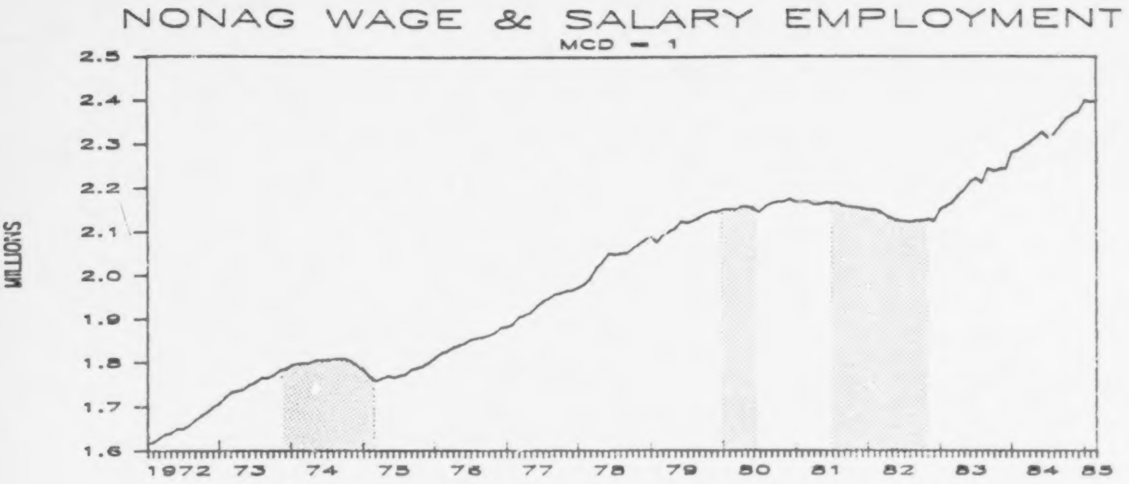
To correlate changes in a time series and changes in the business cycle it is desirable to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

MONTHS FOR CYCLICAL DOMINANCE (MCD)

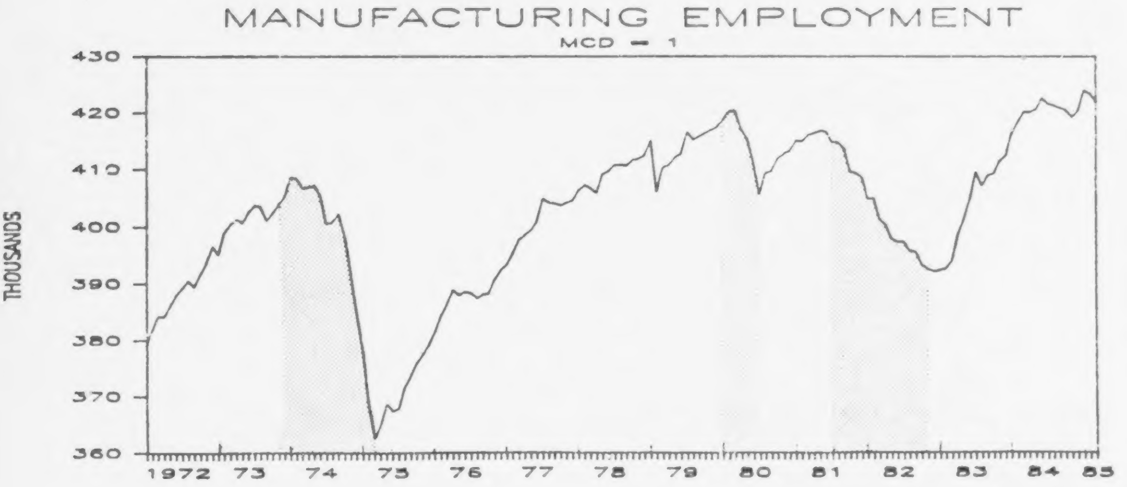
After seasonal adjustment there often remains a significant degree of purely random change, the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data--the greater the MCD the more random and less cyclically significant are monthly changes in the series. Where noted, charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

DATA SOURCES

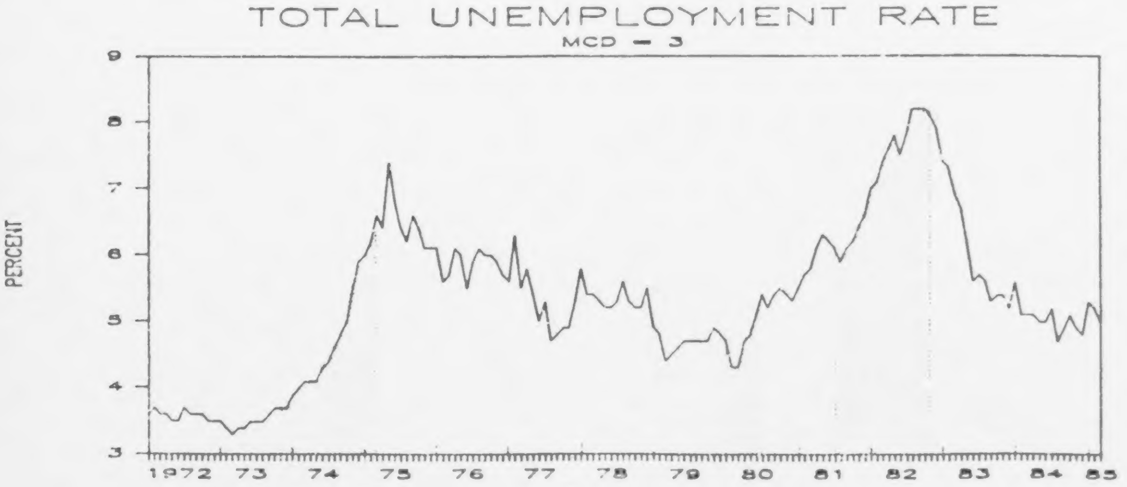
Nonagricultural Wage and Salary Employment	Virginia Employment Commission (VEC)
Manufacturing Employment	VEC
Total Unemployment Rate	VEC
Average Weekly initial Claims	VEC
Average Weekly Insured Unemployment Rate	VEC
Unemployment Insurance Final Payments	VEC
Average Manhours	VEC
Average Hourly Earnings	VEC
Average Weekly Earnings	VEC
Average Workweek	VEC
New Business Incorporations	Virginia State Corporation Commission
Valuation of Building Permits - 18 Cities	Local Building Inspectors
New Vehicle Registration	Virginia State Division of Motor Vehicles
Commercial and Industrial Power Sales	VEPCO, Appalachian Power Co., Delmarva Electric Co., Tennessee Power Company
Taxable Retail Sales	Virginia State Department of Taxation
Taxable Retail Sales/CPI	Virginia State Department of Taxation



NONAG WAGE & SALARY EMPLOYMENT
MCD — 1

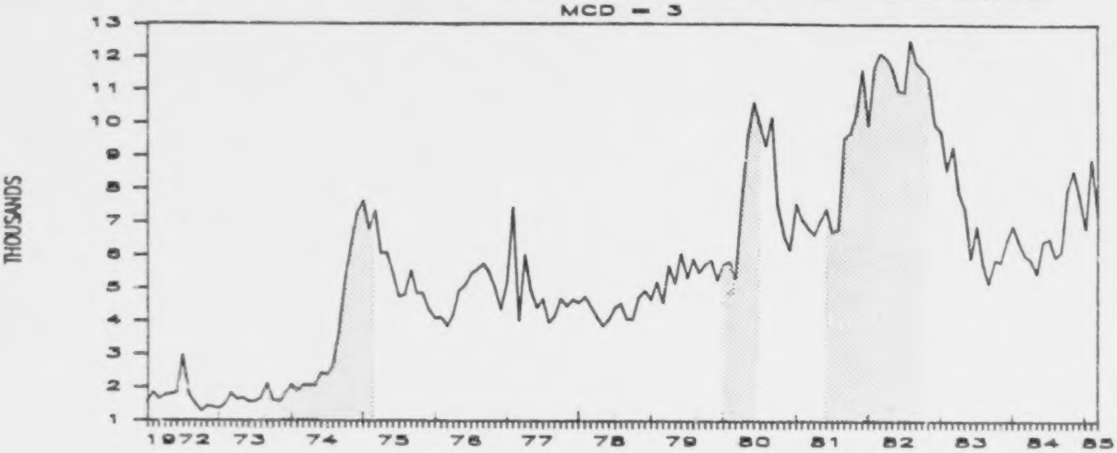


MANUFACTURING EMPLOYMENT
MCD — 1

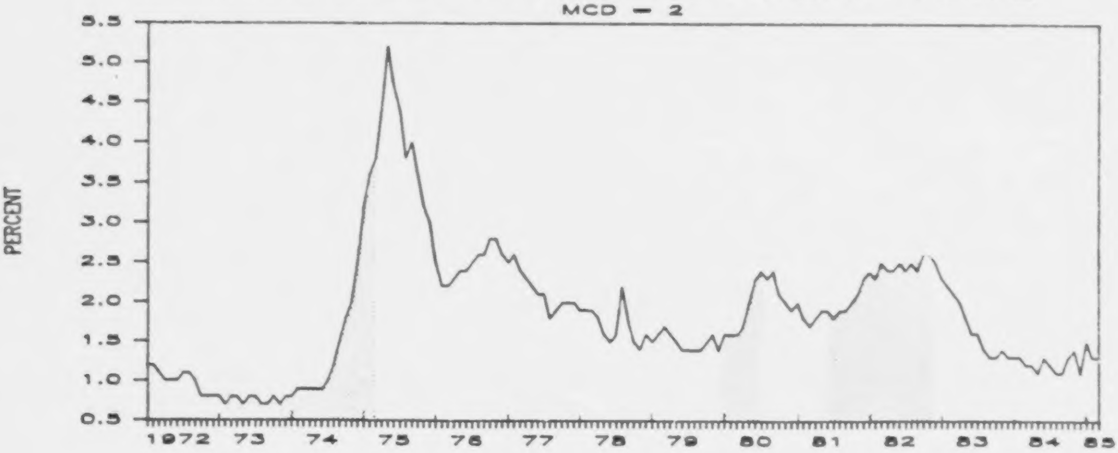


TOTAL UNEMPLOYMENT RATE
MCD — 3

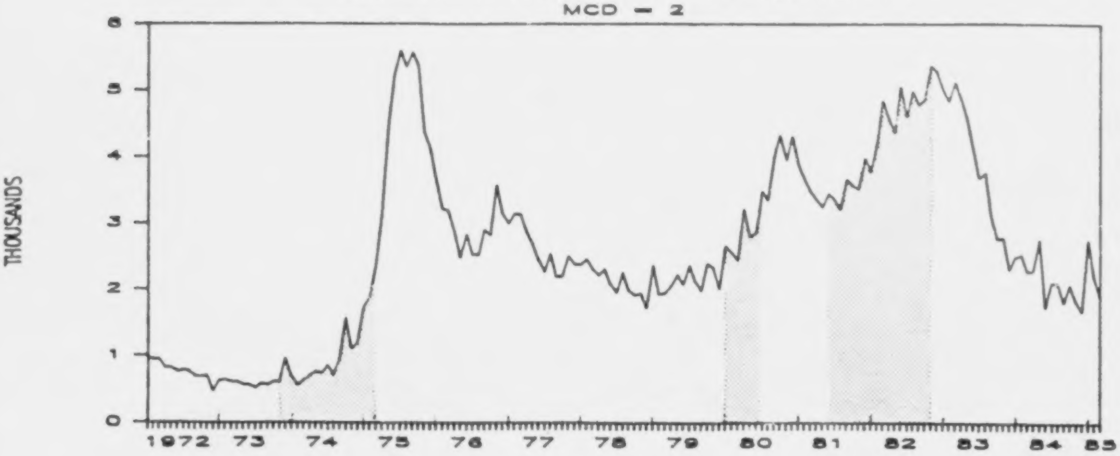
AVERAGE WEEKLY INITIAL CLAIMS
MCD - 3



INSURED UNEMPLOYMENT RATE
MCD - 2

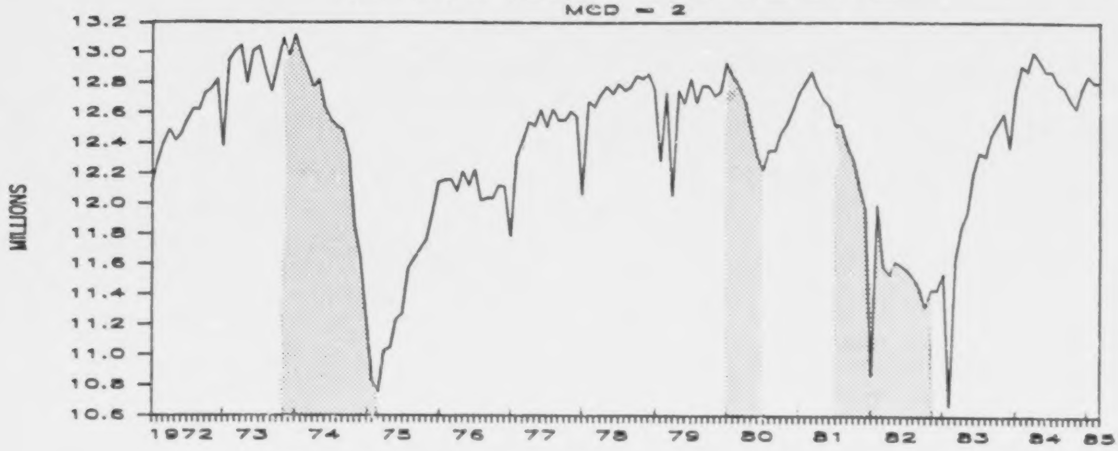


U. I. FINAL PAYMENTS
MCD - 2



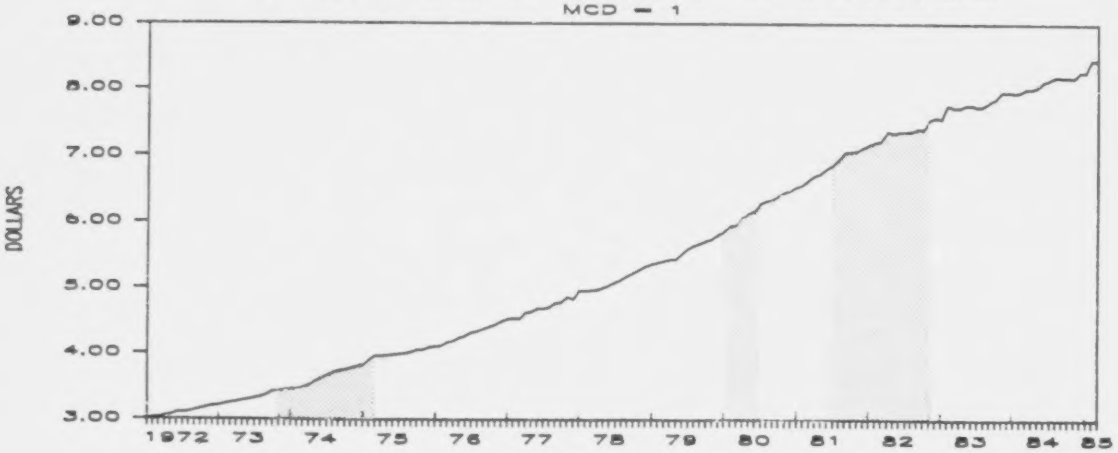
AVERAGE MANHOURS

MCD — 2



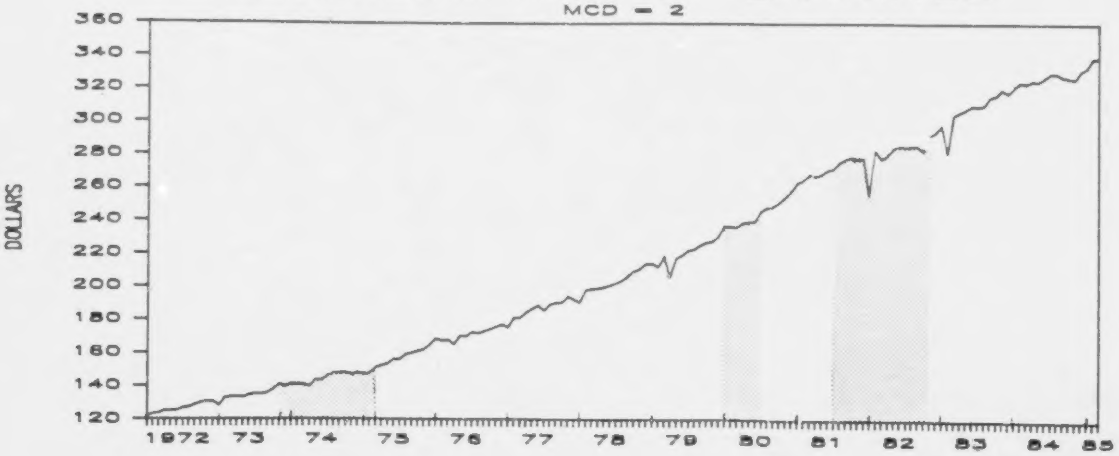
AVERAGE HOURLY EARNINGS

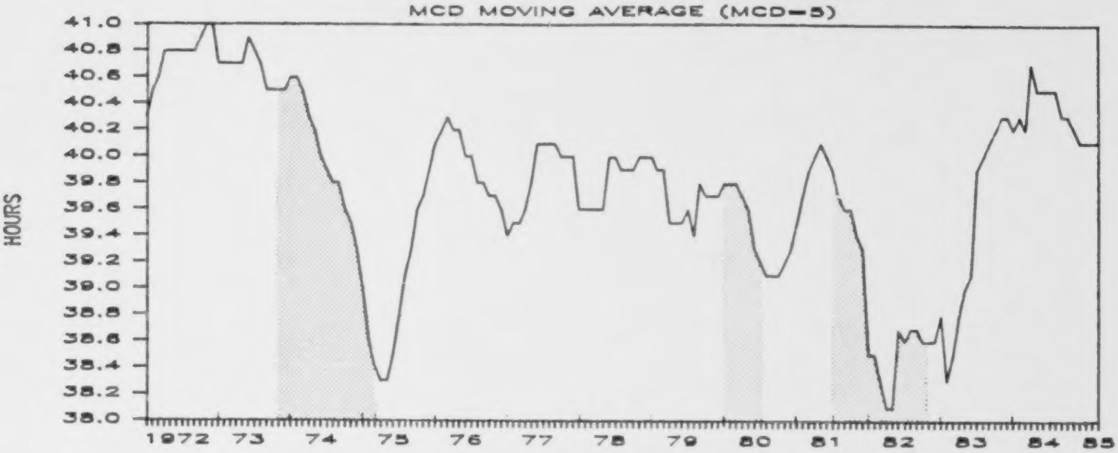
MCD — 1

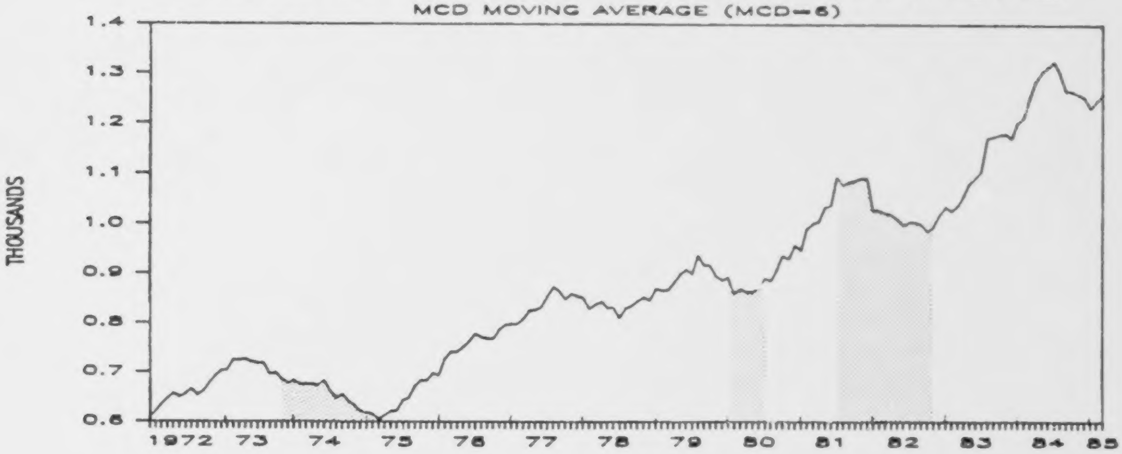


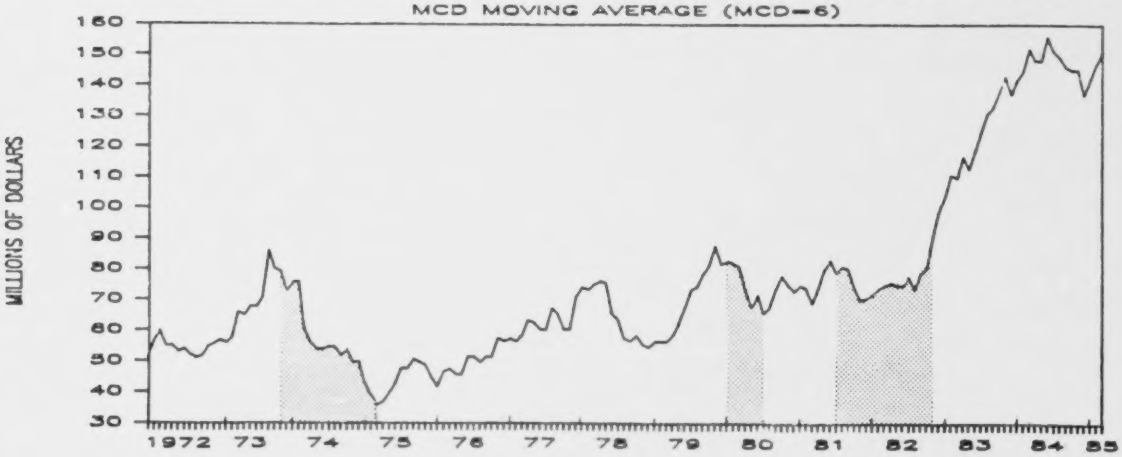
AVERAGE WEEKLY EARNINGS

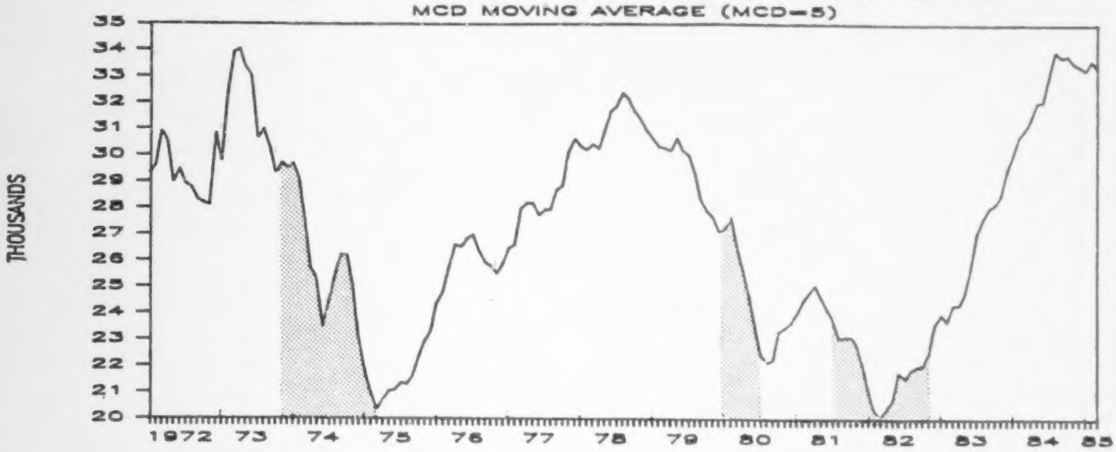
MCD — 2




AVERAGE WORKWEEK
MCD MOVING AVERAGE (MCD=5)

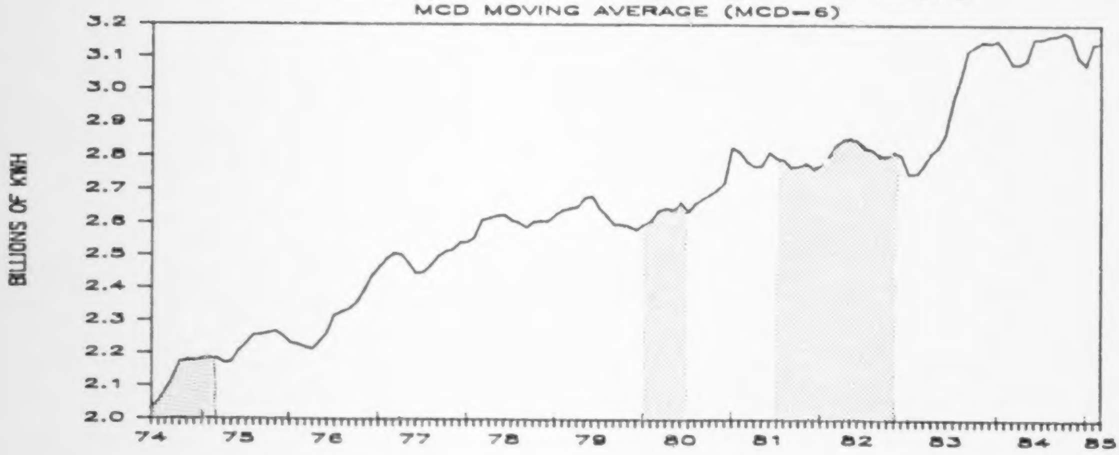

NEW BUSINESS INCORPORATIONS
MCD MOVING AVERAGE (MCD=6)


VALUATION OF BUILDING PERMITS
MCD MOVING AVERAGE (MCD=6)



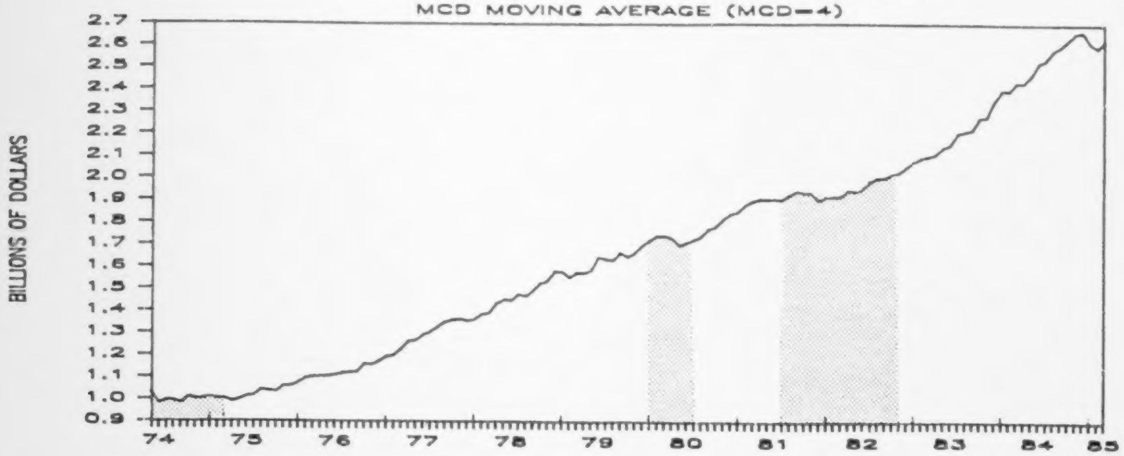
NEW VEHICLE REGISTRATIONS

MCD MOVING AVERAGE (MCD=5)



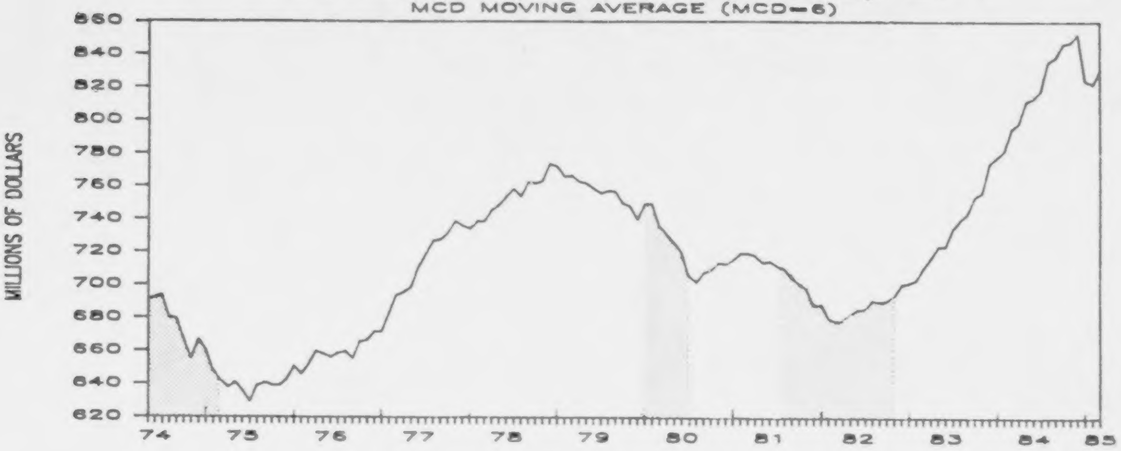
ELECTRICAL POWER SALES

MCD MOVING AVERAGE (MCD=6)



TAXABLE RETAIL SALES

MCD MOVING AVERAGE (MCD=4)



TAXABLE RETAIL SALES/CPI

MCD MOVING AVERAGE (MCD=6)

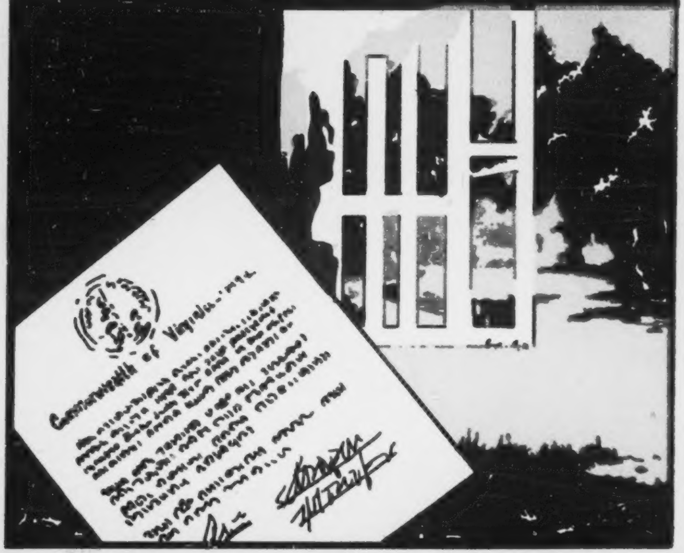
10/23/K SE205-1

VIRGINIA ECONOMIC INDICATORS

VOL. XVII NO. 2

2nd QUARTER 1985 DATA

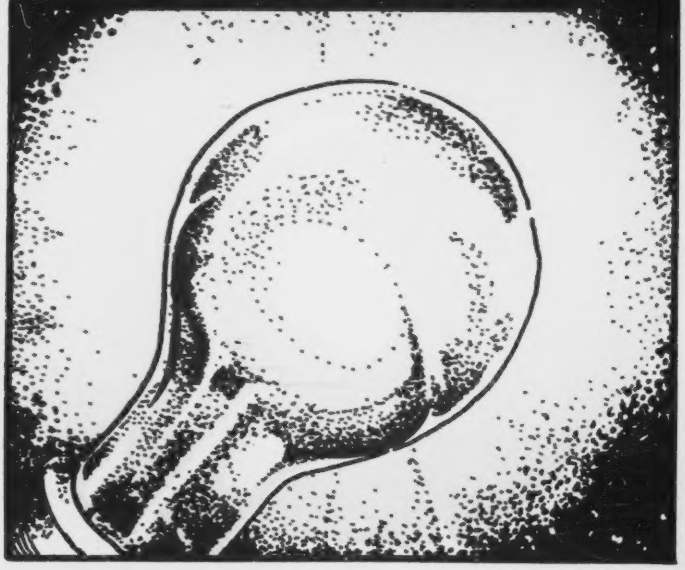
BUILDING PERMITS


Commonwealth of Virginia

NEW VEHICLE REGISTRATION

MANUFACTURING EMPLOYMENT

SALES OF ELECTRICAL POWER



Virginia Employment Commission

FOREWORD

This publication is designed to depict the movement of Virginia's key economic indicators in graphic and tabular form with accompanying narrative analysis.

We welcome any comments, suggestions, or questions concerning Virginia Economic Indicators. Please contact Ralph C. Robinson, Director, Economic Information Services Division, P. O. Box 1358, Richmond, Virginia 23211, telephone (804) 786-7496, for additional information or explanation of the contents of this document.

TABLE OF CONTENTS

Page

FOREWORD iii

ECONOMIC GROWTH DRIFTS BELOW TARGET RANGE vii

HIGHLIGHTS VIRGINIA ECONOMIC INDICATORS, SECOND QUARTER 1985 viii

VIRGINIA ECONOMIC INDICATORS, SECOND QUARTER DATA 1

EMPLOYMENT AND UNEMPLOYMENT INDICATORS, JANUARY 1984 TO JUNE 1985 2

Nonagricultural Wage & Salary Employment
Manufacturing Employment
Total Unemployment Rate
Average Weekly Initial Claims
Average Weekly Insured Unemployment Rate
U. I. Final Payments

MANUFACTURING PRODUCTION WORKER INDICATORS, JANUARY 1984 TO JUNE 1985 4

Average Weekly Hours
Average Manhours
Average Hourly Earnings
Average Weekly Earnings

BUSINESS INDICATORS, JANUARY 1984 TO JUNE 1985 6

New Business Incorporations
Valuation of Building Permits
New Vehicle Registrations
Electrical Power Sales
Taxable Retail Sales

DATA SUMMARY, JUNE 1985 8

SUMMARY: MOVEMENT OF INDICATORS, JANUARY 1984 TO JUNE 1985 8

DATA SUMMARY, APRIL AND MAY 1985 9

THE GROWING TRADE DEFICIT - A MAJOR WORRY FOR U. S. ECONOMIC GROWTH 10

HISTORICAL SUMMARY, PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE 13

ECONOMIC GROWTH DRIFTS BELOW TARGET RANGE

The U. S. economy continued its sideways drift with revised 2.0 percent 1985 - second quarter Real Gross National Product (GNP) growth. There was more than enough growth in money (+8.0 percent in M_1) and Real Personal Income (+4.8 percent), low enough interest rates (9.5 percent prime), and enough consumer confidence, inflation control (+2.4 percent) and business investment to generate a 3 percent target range growth rate. However, disappointing auto sales, staggering consumer installment debt, inventory cuts to match sales, declining manufacturing employment and income, and surging imports shaved at least 1 percent off Real GNP growth.

The 1985 third quarter looks like more economic drift.

- Whether business will restock inventories depends on the consumer. Despite high confidence, slowing personal income growth and record debt (now 15 percent of income) will override confidence and purchases will be moderate (+3 to 4 percent). But, if a 5 percent growth in retail sales can be resumed, inventories will pick up by the fourth quarter.

- With fewer first time home buyers, housing sales are not responding as quickly to declines in interest rates.

- The absence, so far, of the new tax bill passage in 1985 curtailing investment incentives for heavy industries rules out an expectational spurt to the legislative wire in business investment. With manufacturing capacity languishing at 80.8 percent, giving little need for expansion, at best, only a modest 6 percent increase can be shouldered by replacement alone.

- Even sustaining a 2 percent GNP growth rate will provide some added tax revenues to cut into the deficit. But, with only $35 billion in cuts locked-in vs. the expected $50 billion, the resistance to further interest rate declines is in place as the treasury struggles with a perennial $200 billion deficit.

- Sales and incomes (+4.8 percent) are solid but imports are dominating the demand. Half of the domestic demand increase has been imports slowing GNP growth to 1.1 percent in the first half of 1985. A $27.7 billion 1980 trade deficit has slipped to a $106.3 billion 1934 deficit and will reach $150 billion by year-end 1985. With a 20 percent drop in the value of the U. S. dollar since February 1985, from which period it had risen 53 percent over 1980, the trade deficit may not worsen in 1986, but the dollar is still too high to reverse the negative balance between imports and exports. In the long run, increased productivity and a technological edge are necessary to solve U. S. trade problems.

For an in-depth look at the dollar decline impact on U. S. and Virginia growth and employment, see, "The Growing Trade Deficit - A Major Worry for U. S. Economic Growth," on page 10 of this issue of Virginia Economic Indicators.

HIGHLIGHTS
VIRGINIA ECONOMIC INDICATORS
Second Quarter 1985

- Virginia nonagricultural payrolls consecutively set new records each month of the second quarter with an all-time seasonally adjusted high of 2,412,500 jobs in June.

- Keeping the number of workers on employers' payrolls at an all-time high was the rapid expansion of nonmanufacturing industries to 2.0 million jobs in June.

- Construction employment early in the second quarter began closing in on the previous record set in August 1979; and by June a new all-time high of 153,800 construction jobs had been established.

- A continued high level of defense activities boosted total government employment, Northern Virginia's and Tidewater's largest employing sectors, to 530,000 statewide in June.

- The diverse service sector, fastest growing of the State's industrial divisions, has added 232,000 jobs in the past decade for an increase of 78 percent, bringing the June employment level to all-time high of 529,000.

- Trade employment in June at 542,700 was just 500 shy of the all-time record set in December 1984 at the traditional peak of the retail season.

- The transportation and finance sectors also broke employment records in June.

- Virginia's coal production at 22,819,000 short tons for the first half of 1985 was up 20.5 percent over the first half of 1984, for the best rate of increase of any eastern coal producing state. In absolute terms (3,883,000 short tons) this was the second largest amount of increase registered by any coal producing state. Only 10 of the nation's 26 coal producing states showed any increase in coal production.

- Virginia ranked third behind Arizona and New Hampshire among all states for the amount of increase in nonfarm personal income between the fourth quarter last year and first quarter this year, the U.S. Commerce Department reported in August. Virginia's rate of increase was 2.6 percent based on a $77.7 billion nonfarm income for the January-March period. Nonfarm personal income nationally rose 1.7 percent during the same period.

- The State's principal banking institutions during the second quarter followed the lead of the money center banks in reducing their prime lending rates to the lowest level in more than six years.

- Consumer prices once again showed only a modest rate of increase in the second quarter. The CPI for All Urban Consumers was 321.2 (1967 = 100) for the quarter, only 3.7 percent higher than Second Quarter 1984.

- The State Unemployment Trust Fund was $356.9 million at the end of June, $175 million higher than the June 1984 level.

VIRGINIA ECONOMIC INDICATORS

VOL. XVII, NO. 2

SECOND QUARTER DATA

Overall Direction of the Indicators Shifts from Positive to Negative

Many of the fifteen indicators used to measure the performance of Virginia's economy exhibited uncertain and erratic movement in the second quarter although there was a shift in overall direction of the indicators from positive to negative by June. This was in contrast to an overall positive performance in the First Quarter 1985. The indicators started out in April with a fairly strong positive stance with nine series being up and six series on the downside. In May, the indicators were just barely positive with eight series up and seven series down.

By June, there was further deterioration in the production worker items, and all but one of the business series were pointing downward; however, some of the unemployment series showed improvement. The net result was nine series on the minus side for June, five positive, and one unchanged. Nonagricultural employment was the only series to be positive throughout the quarter thanks to very strong gains in the nonmanufacturing industries. Because of the impact of foreign competition and the still strong U.S. dollar, manufacturing employment lost ground throughout the quarter although the rate of decline had slowed markedly by June. The weakness in manufacturing contributed to the performance declines in the unemployment and production worker series.

The six-month moving average of the number of rising indicators (page 8) serves to highlight the second quarter's mixed performance with a trailoff of the series in June. The moving average enhances analysis because it smooths out much of the irregularity present in many of the individual series.

Nonagricultural Employment Once Again a Strong Performer

Nonagricultural employment was again a strong performer as the number of people on nonfarm payrolls in Virginia established consecutive new all-time highs each month during the second quarter. In June, nonfarm employment reached a record 2,412,500 on a seasonally adjusted basis. New record employment levels during the quarter in government, services, construction, transportation, trade, and finance were responsible for the nonfarm job growth. The good performance of the service-providing industries was enough to offset the decline in manufacturing employment. Factory employment lost ground each month of the quarter because of reduced sales caused by import competition and the strong U.S. dollar which puts domestic-made goods at a price disadvantage. The erosion of factory payrolls, however, slowed to -0.1 percent in June from -0.3 percent in April and -0.5 percent in May. Factory segements most affected by imports were textiles, apparel, electronics, and chemicals.

The mostly temporary inventory adjustment layoffs in manufacturing because of import competition were in a large measure responsible for the poorer second quarter performance of both the unemployment and production worker series. The total unemployment rate improved in April, but worsened in May and June. The higher total jobless rates the last two months of the quarter to some extent reflected the timing of the unemployment reference week which this year fell in both months at the time of the maximum summer student labor force participation-i.e., May's reference period was just as colleges closed for the summer and June's reference period was right at high school commencement time. Unemployment insurance final payments worsened in April and May, but bounced back in June. Average weekly initial claims, reflecting new layoffs, were negative in April, then showed improvement in May and June. The insured unemployment rate improved in April and May and was unchanged in June.

Manufacturing layoffs adversely affected average manhours worked which fell throughout the quarter from 12,774,600 in April to 12,610,000 in June. The length of the workweek regained the 0.2 hour lost in April and May, but then dropped 0.5 hour in June. The average hourly earnings rate gained $.10 in April, lost $.03 in May and returned to the April level of $8.54 in June. The average weekly wage showed gains in April and May, but then lost all of the advancement in June.

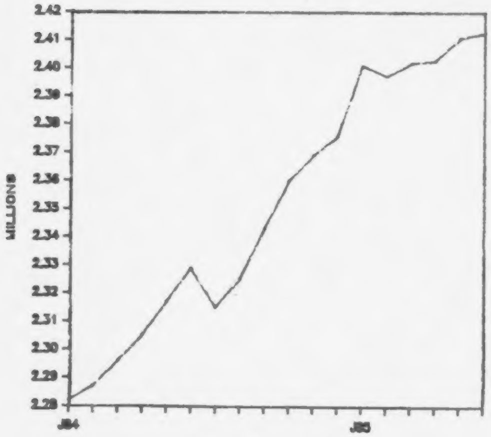
The other business-related indicators were mostly positive in April, but then lost ground as the quarter wore on. New business incorporations held positive in April and May, but turned negative in June. The somewhat volatile building permits and new vehicle registrations held true to form. Building permits were at the very high level of $184.3 million in April, but fell to $121.2 million by June. New vehicles registered rose to 39,211 in May, the highest level in thirteen years, before declining to 33,927 in June. Both of these indicators have been at such high levels recently that some slackening of the pace is to be expected. Electric power sales moved ahead by small amounts in April and May before turning down in June. Taxable retail sales remained negative until June when there was a slight upward shift.

EMPLOYMENT AND UNEMPLOYMENT INDICATORS
January 1984 to June 1985

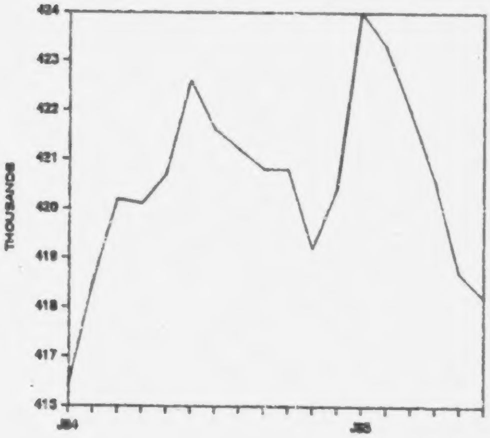
	Nonagricultural Wage & Salary Emp.* (Thousands)		Manufacturing Employment* (Thousands)		Total Unemployment Rate* (Percent)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	2,238.0	2,281.6	411.8	416.4	6.2	5.6
February	2,243.9	2,287.2	413.7	418.5	5.7	5.1
March	2,268.3	2,295.8	416.2	420.2	5.4	5.1
April	2,297.4	2,305.1	417.8	420.1	5.0	5.1
May	2,327.3	2,317.3	418.9	420.7	4.8	5.0
June	2,362.7	2,329.0	423.5	422.6	4.9	5.0
July	2,332.5	2,315.3	420.8	421.6	5.2	5.2
August	2,339.5	2,325.0	423.0	421.2	4.4	4.7
September	2,362.2	2,342.5	426.1	420.8	4.4	4.9
October	2,368.2	2,359.9	424.7	420.4	4.8	5.1
November	2,374.6	2,368.6	422.3	419.2	4.8	4.9
December	2,385.8	2,375.6	422.4	420.4	5.0	4.8
1985						
January	2,355.5	2,401.1	419.3	424.0	5.9	5.3
February	2,351.8	2,397.3	418.2	423.3	5.8	5.2
March	2,373.2	2,402.0	417.8	422.0	5.3	5.0
April	2,396.0	2,403.2	418.5	420.6	4.8	4.9
May	2,420.3	2,410.7	417.0	418.7	5.1	5.3
June	2,448.7	2,412.5	419.0	418.2	5.4	5.5

	Average Weekly Initial Claims (Number)		Avg. Wkly. Insured Unemployment Rate (Percent)		U. I. Final Payments (Number)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	12,255	6,919	1.9	1.3	2,375	2,494
February	6,459	6,406	1.7	1.3	2,368	2,533
March	5,584	6,019	1.5	1.2	2,814	2,273
April	5,033	5,872	1.2	1.2	3,016	2,296
May	4,098	5,470	1.0	1.1	3,031	2,751
June	5,580	6,454	1.1	1.3	1,987	1,734
July	5,956	6,536	1.0	1.2	2,134	2,112
August	4,108	5,966	0.9	1.1	1,972	2,095
September	4,213	6,170	0.8	1.1	1,434	1,806
October	6,956	7,994	1.0	1.3	1,601	2,077
November	8,771	8,580	1.3	1.4	1,545	1,823
December	12,900	7,787	1.2	1.1	1,575	1,675
1985						
January	12,108	6,829	2.2	1.5	2,613	2,753
February	8,996	8,925	1.8	1.3	2,052	2,195
March	6,752	7,252	1.6	1.3	2,374	1,907
April	6,767	7,924	1.2	1.2	3,117	2,367
May	5,475	7,369	1.0	1.1	2,680	2,436
June	5,869	6,824	0.9	1.1	2,019	1,756

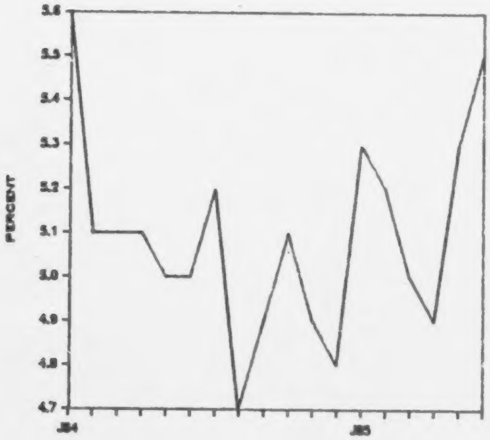
*These series have been adjusted to First Quarter 1984 benchmarks.



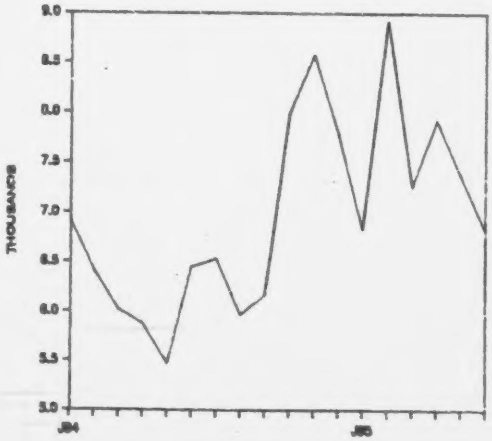
NONAG W & S EMPLOYMENT



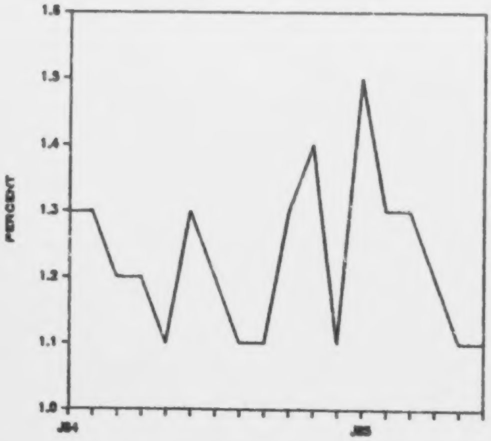
MANUFACTURING EMPLOYMENT



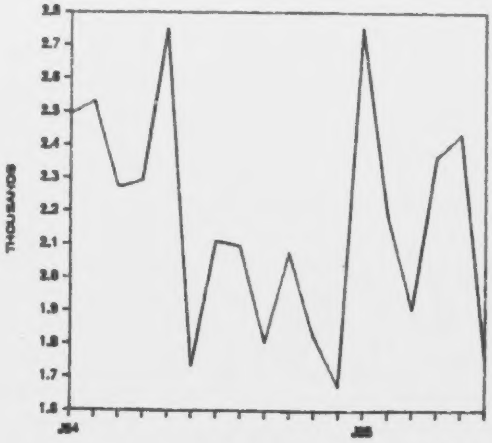
TOTAL UNEMPLOYMENT RATE



AVG. WEEKLY INIT. CLAIMS



INSURED UNEMPLOYMENT RATE



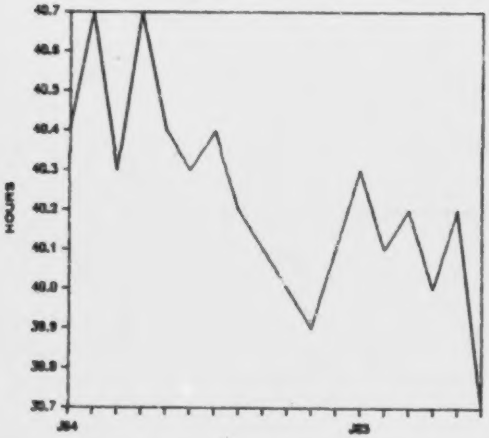
U. I. FINAL PAYMENTS

MANUFACTURING PRODUCTION WORKER INDICATORS
January 1984 to June 1985

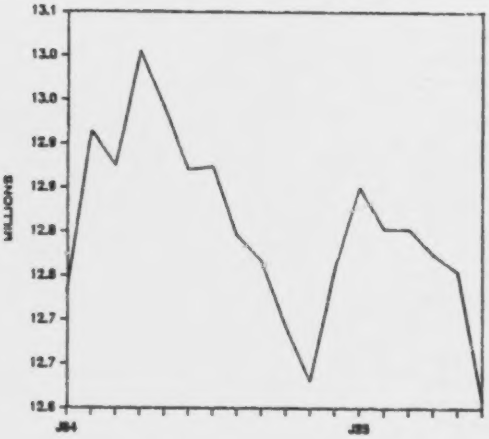
	Average Weekly Hours* (Hours)		Average Manhours* (Thousands)	
1984	Unadj.	Adj.	Unadj.	Adj.
January	39.6	40.4	12,379.8	12,732.0
February	40.1	40.7	12,586.3	12,914.4
March	40.0	40.3	12,643.5	12,875.2
April	40.3	40.7	12,781.8	13,006.0
May	40.3	40.4	12,851.3	12,940.9
June	40.8	40.3	13,058.5	12,870.7
July	40.3	40.4	12,807.6	12,874.7
August	40.4	40.2	12,873.2	12,795.9
September	40.4	40.1	13,036.1	12,767.0
October	40.1	40.0	12,879.7	12,693.1
November	40.4	39.9	12,894.1	12,631.4
December	40.8	40.1	13,031.5	12,759.1
1985				
January	39.4	40.3	12,491.1	12,850.9
February	39.5	40.1	12,470.1	12,803.0
March	39.9	40.2	12,573.1	12,803.6
April	39.6	40.0	12,557.4	12,774.6
May	40.2	40.2	12,665.4	12,754.7
June	40.2	39.7	12,799.1	12,610.0

	Average Hourly Earnings* (Dollars)		Average Weekly Earnings* (Dollars)	
1984	Unadj.	Adj.	Unadj.	Adj.
January	8.04	7.95	318.38	322.02
February	7.97	7.97	319.60	324.64
March	8.03	8.02	321.20	323.69
April	8.02	8.02	323.21	325.71
May	8.03	8.05	323.61	325.13
June	8.09	8.13	330.07	327.70
July	8.14	8.17	328.04	330.35
August	8.16	8.21	329.66	330.35
September	8.17	8.19	330.07	327.98
October	8.17	8.20	327.62	327.39
November	8.23	8.18	332.49	326.40
December	8.31	8.28	339.05	331.70
1985				
January	8.37	8.28	329.78	333.79
February	8.45	8.46	333.78	339.55
March	8.45	8.44	337.16	339.88
April	8.53	8.54	337.79	340.51
May	8.48	8.51	340.90	342.27
June	8.51	8.54	342.10	339.38

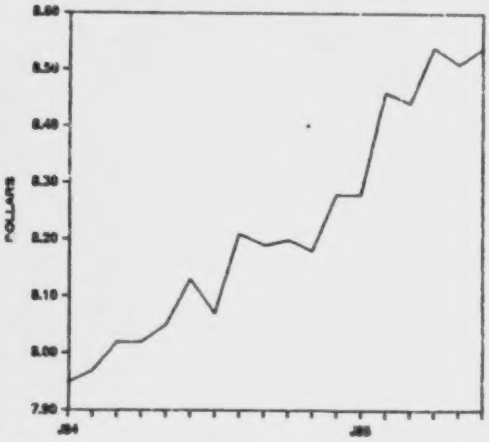
*These series have been adjusted to First Quarter 1984 benchmarks.



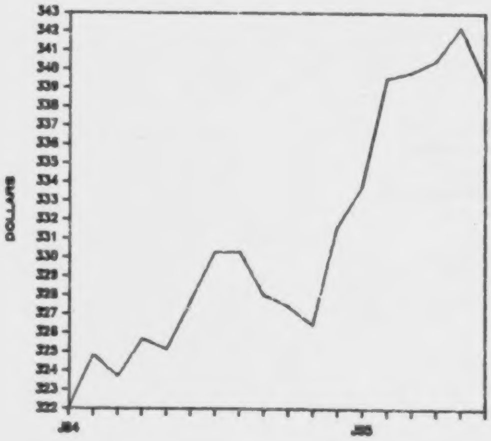
AVERAGE WEEKLY HOURS



AVERAGE MANHOURS



AVERAGE HOURLY EARNINGS



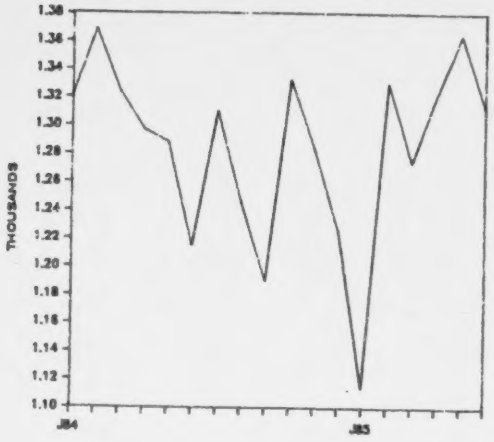
AVERAGE WEEKLY EARNINGS

BUSINESS INDICATORS
January 1984 to June 1985

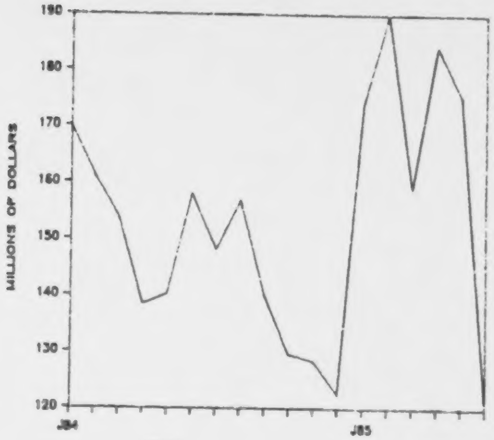
	New Business Incorporations (Number)		Valuation of Bldg. Permits ($ Millions)		New Vehicle Registrations (Number)	
1984	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
January	1,373	1,320	136.3	169.9	29,459	32,794
February	1,329	1,369	117.4	161.1	28,700	32,245
March	1,476	1,324	189.1	153.8	34,898	29,971
April	1,417	1,297	153.4	138.5	35,032	31,041
May	1,300	1,288	135.2	140.4	36,395	33,517
June	1,246	1,215	193.7	158.1	37,953	32,229
July	1,243	1,311	169.1	148.2	42,134	38,367
August	1,290	1,246	155.3	157.0	35,989	33,437
September	1,128	1,190	137.6	139.9	30,085	30,812
October	1,302	1,333	128.9	129.5	31,383	34,333
November	1,152	1,284	141.1	128.3	27,628	31,985
December	1,148	1,226	91.1	122.5	23,205	31,768
1985						
January	1,154	1,114	139.1	174.1	33,530	37,464
February	1,294	1,331	139.8	190.0	29,072	32,665
March	1,424	1,274	195.6	159.0	38,164	32,843
April	1,447	1,322	204.4	184.3	39,165	34,752
May	1,380	1,365	166.0	175.3	42,505	39,211
June	1,348	1,313	149.5	121.2	40,170	33,927

	Electrical Power Sales (Mil. of KHW)		Taxable Retail Sales ($ Millions)	
1984	Unadj.	Adj.	Uadj.	Adj.
January	3,777.6	3,121.1	2,236.0	2,436.4
February	3,414.4	3,073.3	2,085.7	2,341.3
March	3,145.6	3,137.8	2,295.5	2,487.3
April	2,882.9	3,129.2	2,427.9	2,481.0
May	2,639.7	3,163.7	2,723.1	2,571.2
June	3,080.9	3,281.3	2,563.8	2,561.5
July	3,379.9	3,122.2	2,576.8	2,549.6
August	3,416.7	3,071.5	2,600.0	2,658.3
September	3,204.7	3,153.8	2,653.4	2,636.6
October	2,772.0	3,149.1	2,667.6	2,679.9
November	2,740.3	3,078.5	2,679.9	2,667.8
December	3,086.8	3,049.2	3,322.3	2,689.3
1985				
January	3,594.5	2,963.3	2,247.3	2,426.9
February	3,835.0	3,461.2	2,311.6	2,591.5
March	3,186.8	3,183.6	2,599.4	2,804.1
April	2,959.2	3,209.5	2,720.0	2,767.0
May	2,753.3	3,297.4	2,894.6	2,725.6
June	3,059.5	3,254.8	2,739.5	2,747.7

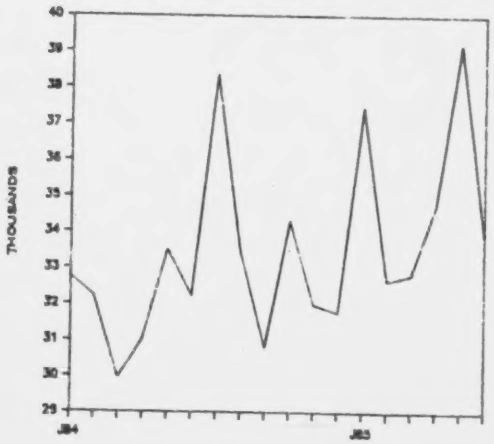
NEW BUSINESS INCORPORATIONS



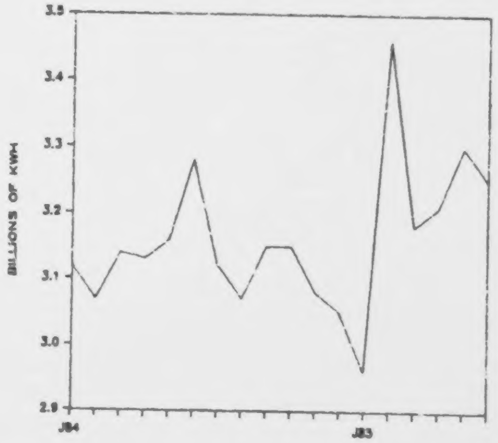
VALUATION OF BUILDING PERMITS



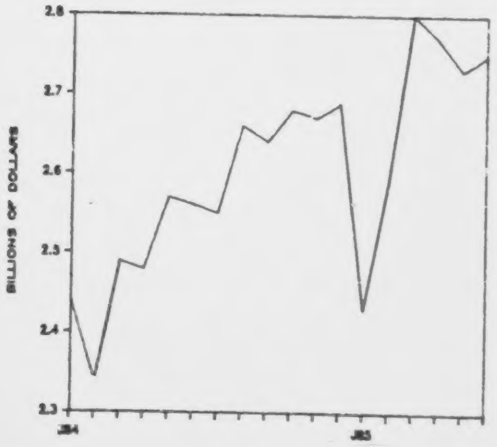
NEW VEHICLE REGISTRATIONS



ELECTRICAL POWER SALES



TAXABLE RETAIL SALES

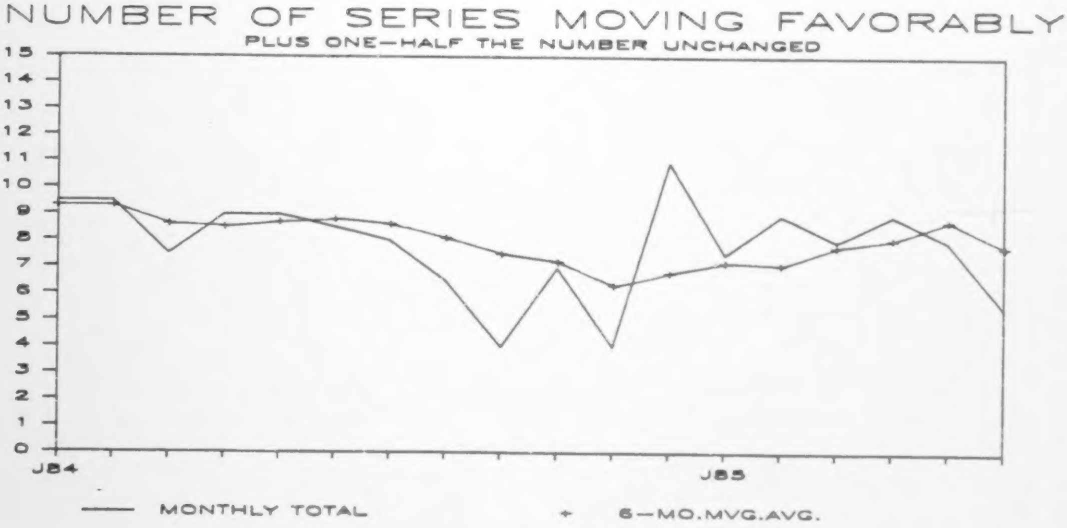


DATA SUMMARY
JUNE 1985
(SEASONALLY ADJUSTED DATA)

	June 1985	May 1985	June 1984	Percent & (Direction) of Change 1/	
				May '85-June '85	June '84-June '85
EMPLOYMENT					
Nonagricultural Wage & Salary Employment (000)	2,412.5	2,410.7	2,329.0	+ 0.1 (+)	+ 3.6 (+)
Manufacturing Employment (000)	418.2	418.7	422.6	- 0.1 (-)	- 1.0 (-)
UNEMPLOYMENT					
Total Unemployment Rate (%)	5.5	5.3	5.0	xxx (-)	xxx (-)
Average Weekly Initial Claims	6,824	7,369	6,454	- 7.4 (+)	+ 5.7 (-)
Average Weekly Insured Unemployment Rate (%)	1.1	1.1	1.3	xxx (0)	xxx (+)
Unemployment Insurance Final Payments	1,756	2,436	1,734	-27.9 (+)	+ 1.3 (-)
MANUFACTURING PRODUCTION WORKERS					
Average Weekly Hours	39.7	40.2	40.3	- 1.2 (-)	- 1.5 (-)
Average Manhours (000)	12,610.0	12,754.7	12,870.7	- 1.1 (-)	- 2.0 (-)
Average Hourly Earnings ($)	8.54	8.51	8.13	+ 0.4 (+)	+ 5.0 (+)
Average Weekly Earnings ($)	339.88	342.27	327.70	- 0.7 (-)	+ 3.7 (+)
BUSINESS					
New Business Incorporations	1,313	1,365	1,215	- 3.8 (-)	+ 8.1 (+)
Valuation of Building Permits - 18 Cities ($M)	121.2	175.3	158.1	-30.9 (-)	-23.3 (-)
New Vehicle Registrations	33,927	39,211	32,229	-13.5 (-)	+ 5.3 (+)
Electrical Power Sales (B of KWH)	3,254.8	3,297.4	3,281.3	- 1.3 (-)	- 0.8 (-)
Taxable Retail Sales ($B)	2,747.7	2,725.6	2,561.5	+ 0.8 (+)	+ 7.3 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).

SUMMARY



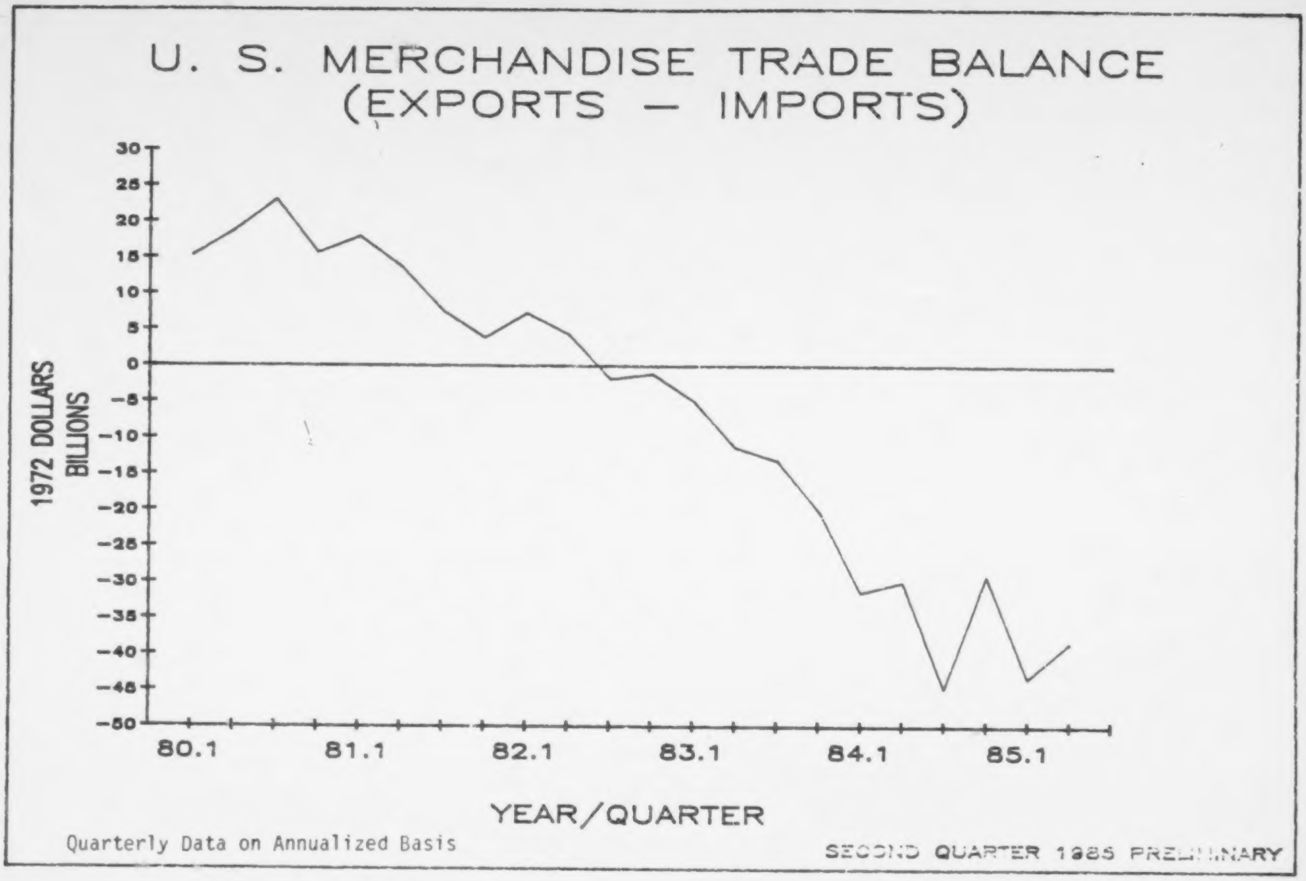
DATA SUMMARY
MAY 1985
(SEASONALLY ADJUSTED DATA)

	May 1985	Apr. 1985	May 1984	Percent & (Direction) of Change 1/ Apr.'85-May '85	 May '84-May '85
EMPLOYMENT					
Nonagricultural Wage & Salary Employment (000)	2,410.7	2,403.2	2,317.3	+ 0.3 (+)	+ 4.0 (+)
Manufacturing Employment (000)	418.7	420.6	420.7	- 0.5 (-)	- 0.5 (-)
UNEMPLOYMENT					
Total Unemployment Rate (%)	5.3	4.9	5.0	xxx (-)	xxx (-)
Average Weekly Initial Claims	7,369	7,924	5,470	- 0.7 (+)	+34.7 (-)
Average Weekly Insured Unemployment Rate (%)	1.1	1.2	1.1	xxx (+)	xxx (0)
Unemployment Insurance Final Payments	2,436	2,367	2,751	+ 2.9 (-)	-11.5 (+)
MANUFACTURING PRODUCTION WORKERS					
Average Weekly Hours	40.2	40.0	40.4	+ 0.5 (+)	- 0.5 (-)
Average Manhours (000)	12,754.7	12,774.6	12,940.9	- 0.2 (-)	- 1.4 (-)
Average Hourly Earnings ($)	8.51	8.54	8.05	- 0.4 (-)	+ 5.7 (+)
Average Weekly Earnings ($)	342.27	340.51	325.13	+ 0.5 (+)	+ 5.3 (+)
BUSINESS					
New Business Incorporations	1,365	1,322	1,288	+ 0.5 (+)	+ 6.0 (+)
Valuation of Building Permits - 18 Cities ($M)	175.3	184.3	140.4	- 4.9 (-)	+24.9 (+)
New Vehicle Registrations	39,211	34,752	33,517	+12.8 (+)	+17.0 (+)
Electrical Power Sales (B of KWH)	3,297.4	3,209.5	3,163.7	+ 2.7 (+)	+ 4.2 (+)
Taxable Retail Sales ($B)	2,725.6	2,767.0	2,571.2	- 1.5 (-)	+ 6.0 (+)

DATA SUMMARY
APRIL 1985
(SEASONALLY ADJUSTED DATA)

	Apr. 1985	Mar. 1985	Apr. 1984	Percent & (Direction) of Change 1/ Mar.'85-Apr.'85	 Apr.'84-Apr.'85
EMPLOYMENT					
Nonagricultural Wage & Salary Employment (000)	2,403.2	2,402.0	2,305.1	+ 0.1 (+)	+ 4.3 (+)
Manufacturing Employment (000)	420.6	422.0	420.1	- 0.3 (-)	+ 0.1 (+)
UNEMPLOYMENT					
Total Unemployment Rate (%)	4.9	5.0	5.1	xxx (+)	xxx (+)
Average Weekly Initial Claims	7,924	7,252	5,872	+ 9.3 (-)	+35.0 (-)
Average Weekly Insured Unemployment Rate (%)	1.2	1.3	1.2	xxx (+)	xxx (0)
Unemployment Insurance Final Payments	2,367	1,907	2,296	+24.1 (-)	+ 3.1 (-)
MANUFACTURING PRODUCTION WORKERS					
Average Weekly Hours	40.0	40.2	40.7	- 0.5 (-)	- 1.7 (-)
Average Manhours (000)	12,774.6	12,803.6	13,006.0	- 0.2 (-)	- 1.8 (-)
Average Hourly Earnings ($)	8.54	8.44	8.02	+ 1.2 (+)	+ 6.5 (+)
Average Weekly Earnings ($)	340.51	339.88	325.71	+ 0.2 (+)	+ 4.5 (+)
BUSINESS					
New Business Incorporations	1,322	1,274	1,297	+ 3.8 (+)	+ 1.9 (+)
Valuation of Building Permits - 18 Cities ($M)	184.3	159.0	138.5	+15.9 (+)	+33.1 (+)
New Vehicle Registration	34,752	32,843	31,041	+ 5.8 (+)	+12.0 (+)
Electrical Power Sales (B of KWH)	3,209.5	3,183.6	3,129.2	+ 0.8 (+)	+ 2.6 (+)
Taxable Retail Sales ($B)	2,767.0	2,804.1	2,481.0	- 1.3 (-)	+11.5 (+)

1/ + = Favorable, - = Not Favorable, 0 = No Change (less than .05%).



The Growing Trade Deficit - A Major Worry For U. S. Economic Growth

Among current economic issues, the country's growing trade deficit caused by the strong U. S. dollar has moved to the center of focus as a major cause for the economy's recent doldrums. As the above chart illustrates, the merchandise deficit is a fairly recent occurrence and really did not appear until about the third quarter of 1982 when measured in real terms. The downward trend in the balance of trade has coincided with the 53 percent rise in the dollar between early 1980 and February 1985. On an annualized basis, the U. S. went from a $23 billion merchandise surplus in the third quarter of 1980 to a $43.4 billion deficit in the first quarter of 1985 measured in 1972 dollars. As a direct result, about one-half of the increase in domestic demand during the first half of 1985 has been absorbed by imports, slowing GNP growth to a paltry 1.1 percent. Since February of this year, the dollar has declined by 20 percent and the deficit has eased off slightly to $38.4 billion but, in the absence of any further weakening, the dollar is still too high to reverse the negative balance between imports and exports.

The growth in imports is especially crucial to Virginia, where textiles, apparel, and electrical machinery are experiencing severe competition from foreign sources. An estimated 5,000 manufacturing jobs have been lost during the past year because of foreign competition, a majority of them in those industries named.

There is little doubt that the national, as well as the state economic growth, would receive a boost from further dollar depreciation. Deflation of the dollar could either come about through official dollar devaluation or through falling interest rates due to expansive monetary policy. The second approach, which is the more likely scenario, given the Reagan administration's free market approach, would discourage foreign capital and, therefore, reduce the demand for the dollar in relation to foreign currency. To a somewhat limited degree, this process is already taking place and has contributed to the recent 20 percent drop in the dollar. If it is assumed that the value of the dollar continues to drop, what would be the positive and negative impacts on the economy?

The most direct impact of dollar depreciation would be the cheapening of U. S. goods in relation to foreign goods, thereby boosting exports, domestic sales, production, and employment. If U. S. manufacturers use otherwise idle labor and raw materials to produce goods for overseas, the increase in exports could have a multiplicative effect on Gross National Product. For illustration, a $100 billion increase in net exports, assuming that seven out of every ten dollars received are spent on domestic goods and the remaining three dollars are saved or invested, could add an additional $333 billion to GNP growth over a period of several years through successive rounds of spending and saving. A $100 billion export increase is not unlikely as Chase-Econometrics forecasts a $124 billion increase if the dollar drops 30% by 1987. The chart below might help to clarify the process:

The Multiplier Effect of Expanded Exports

Period (Quarter)	Increase In Exports	Cumulative Spending	Cumulative Savings	Resultant Increase in Total GNP of Cumulative Spending and Savings
1	$100.0 B	$ 70.0 B	$ 30.0 B	$100.0 B
2		49.0	21.0	70.0
3		34.3	14.7	49.0
4		24.0	10.3	34.3
5		16.8	7.2	24.0
6		11.8	5.0	16.8
7		8.2	3.5	11.7
8		5.8	2.5	8.3
9-20		13.4	5.8	19.2
Total		$233.3 B	$100.0 B	$333.3 B 1/

1/ The multiplier can be computed from the formula: $M = 1/(1 - MPC)$ where MPC is the marginal propensity to consume domestically produced goods (.7). Thus $M = 1/(1 - .7) = 3.33$.

While the spent $70 billion portion of the $100 export increase would ultimately result in $233 billion in increased consumption, the saved $30 billion portion would eventually provide $100 billion to capital markets, stimulating further increases in business investment, production capacity, and employment.

A weaker dollar and a more favorable trade balance are not a complete panacea for all economic ills, however. The other side of dollar depreciation is its upward impact on prices and interest rates. The lack of cheap foreign goods to compete with the more expensive domestic goods would stimulate a faster rate of increase in the CPI. In the longer run, lower interest rates, which encourage foreign capital outflow, would force the federal government to rely more on domestic capital to finance its budget deficit. This could crowd out private borrowers from much needed funds to finance investment. This crowding could bring upward pressure on interest rates. Higher rates, by attracting foreign capital, could then lead to strengthening of the dollar and a new import invasion. The burden would fall on government policy to keep the rates in check in order to avoid another trade deficit.

As to which of the competing forces mentioned above would prevail over the long run is a subject for considerable debate. The outcome would be determined not only by official policy at home but also policies in major industrial powers abroad.

Next: The Chase Model's projections for the U. S. and Virginia under dollar depreciation.

HISTORICAL SUMMARY

Performance of Indicators Over the Business Cycle

GENERAL INFORMATION

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The shaded spaces on the charts represent the 1973-75, 1980, and 1981-82 recessions as designated by the National Bureau of Economic Research (NBER). The beginning of a recession is defined as the month when aggregate economic activity in the U. S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. According to NBER, the 1973-75 recession began in November 1973 and ended in March 1975, the 1980 recession began in January 1980 and ended in July 1980, and the 1981-82 recession began in July 1981 and ended in November 1982.

SEASONAL ADJUSTMENT

To correlate changes in a time series and changes in the business cycle it is desirable

SEASONAL ADJUSTMENT (continued)

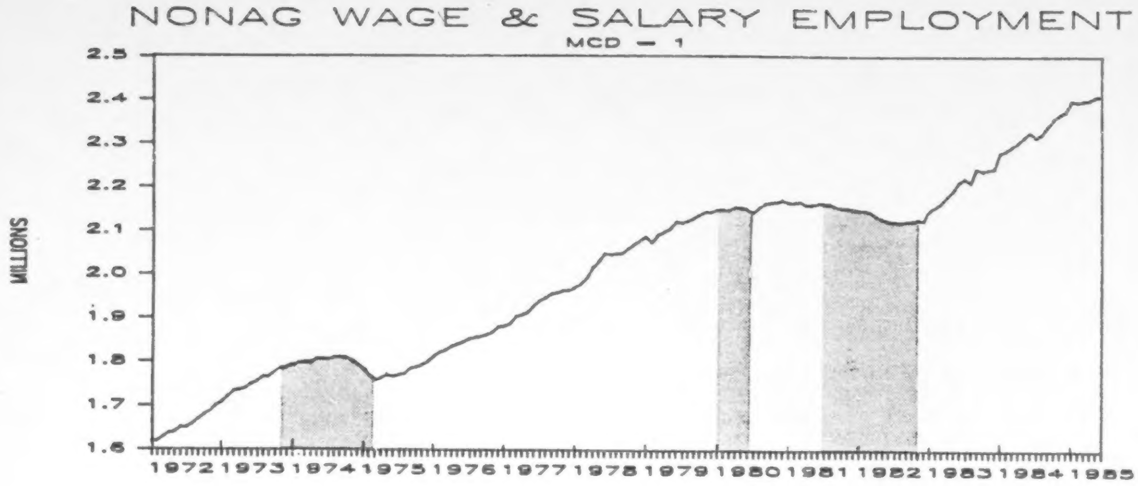
to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in Indicators have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

MONTHS FOR CYCLICAL DOMINANCE (MCD)

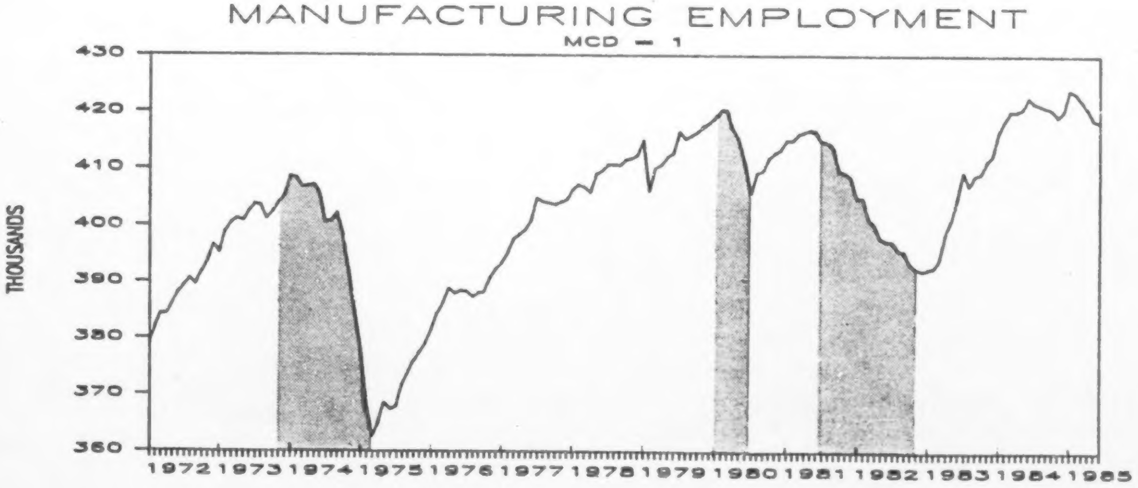
After seasonal adjustment there often remains a significant degree of purely random change, the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data--the greater the MCD the more random and less cyclically significant are monthly changes in the series. Where noted, charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

DATA SOURCES

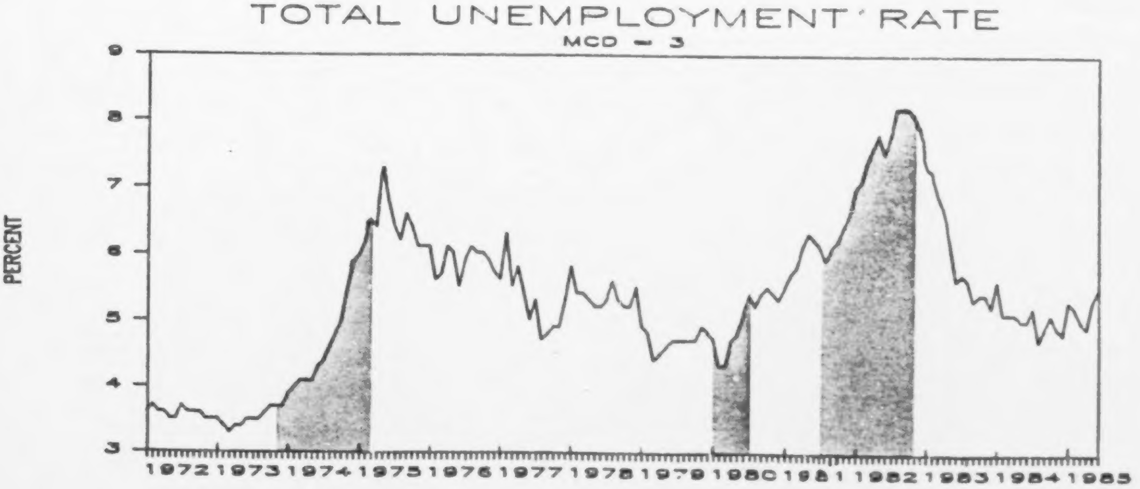
Nonagricultural Wage and Salary Employment	Virginia Employment Commission (VEC)
Manufacturing Employment	VEC
Total Unemployment Rate	VEC
Average Weekly initial Claims	VEC
Insured Unemployment Rate	VEC
Unemployment Insurance Final Payments	VEC
Average Manhours	VEC
Average Hourly Earnings	VEC
Average Weekly Earnings	VEC
Average Workweek	VEC
New Business Incorporations	Virginia State Corporation Commission
Valuation of Building Permits - 18 Cities	Local Building Inspectors
New Vehicle Registrations	Virginia State Division of Motor Vehicles
Electrical Power Sales	VEPCO, Appalachian Power Co., Delmarva Electric Co., Tennessee Power Company
Taxable Retail Sales	Virginia State Department of Taxation
Taxable Retail Sales/CPI	Virginia State Department of Taxation


NONAG WAGE & SALARY EMPLOYMENT

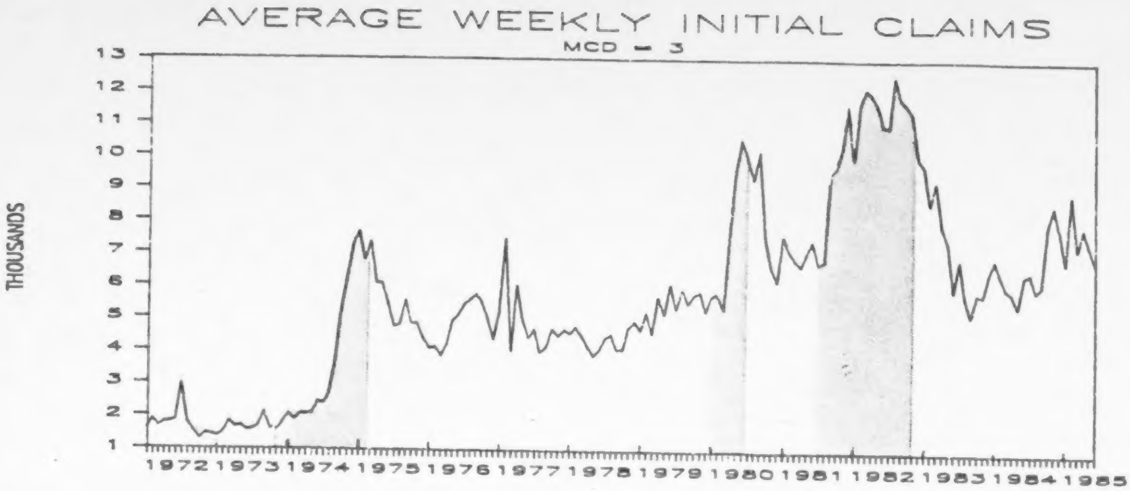
MCD — 1

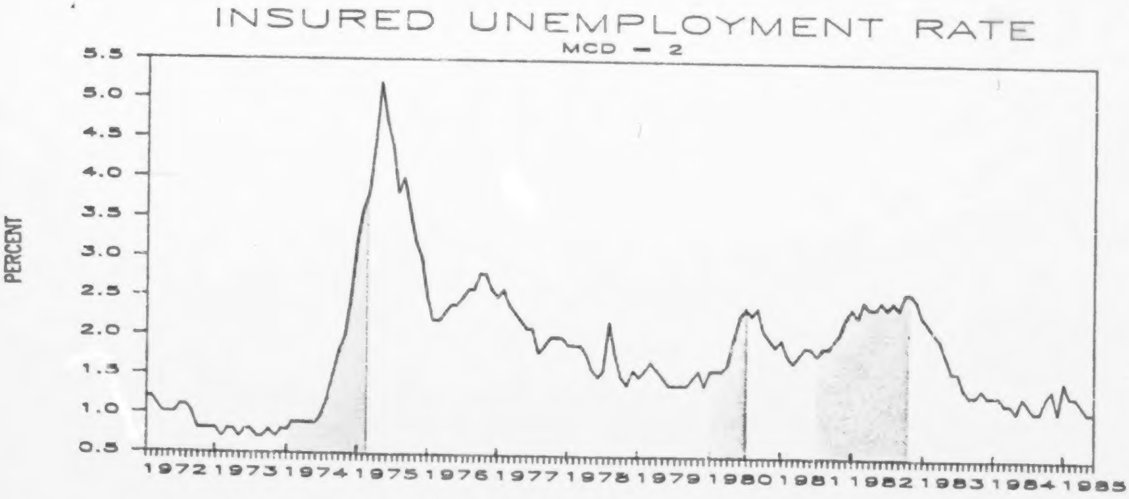

MANUFACTURING EMPLOYMENT

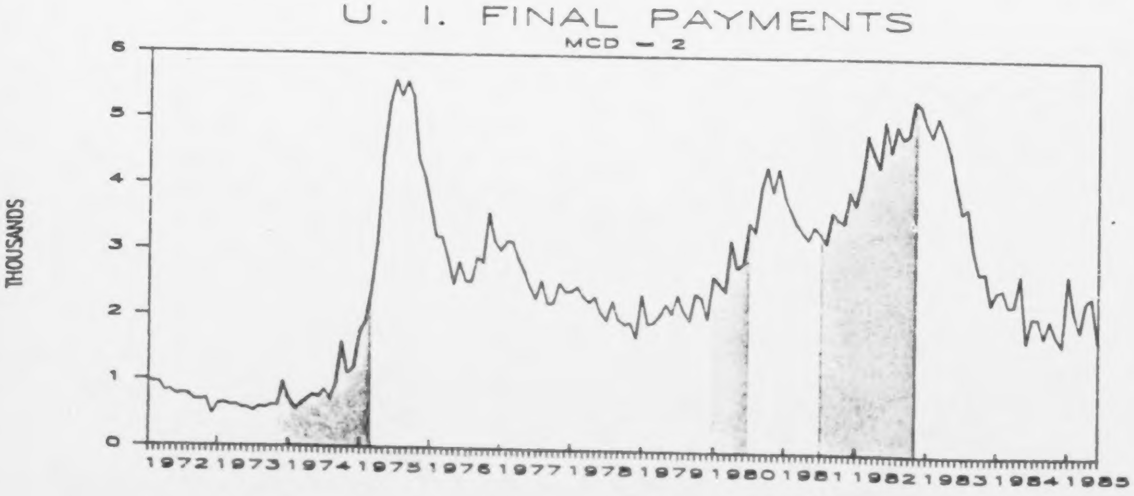
MCD — 1

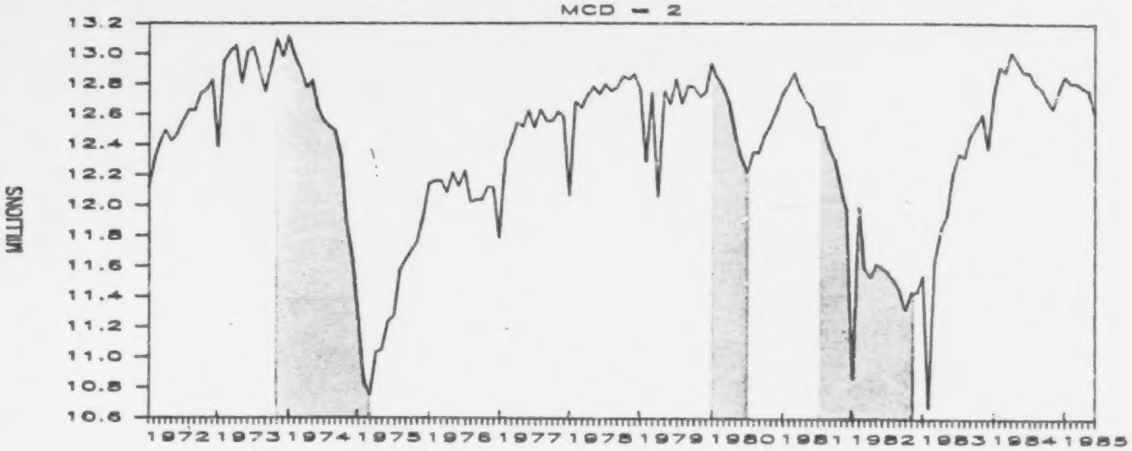

TOTAL UNEMPLOYMENT RATE

MCD — 3

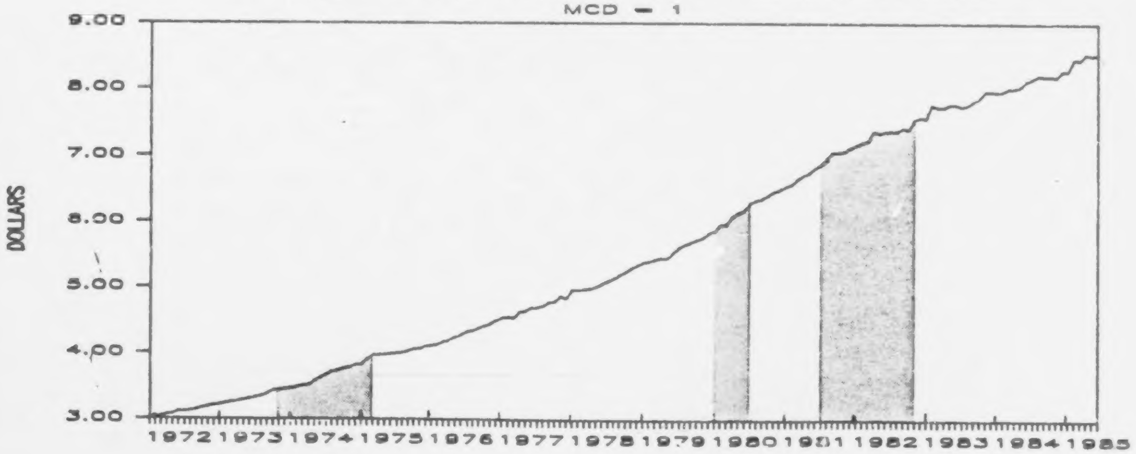

AVERAGE WEEKLY INITIAL CLAIMS
MCD — 3
THOUSANDS
13
12
11
10
9
8
7
6
5
4
3
2
1
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985


INSURED UNEMPLOYMENT RATE
MCD — 2
PERCENT
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985

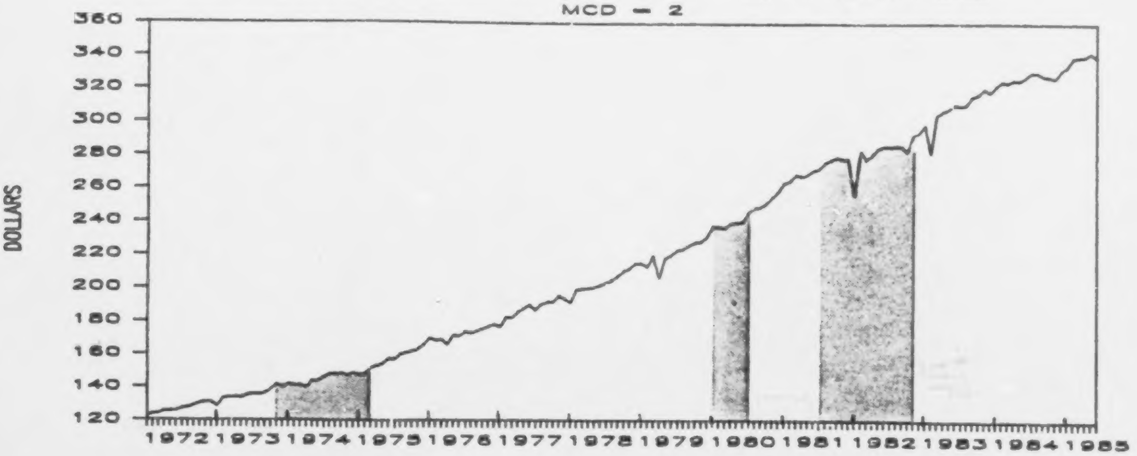

U. I. FINAL PAYMENTS
MCD — 2
THOUSANDS
6
5
4
3
2
1
0
1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985



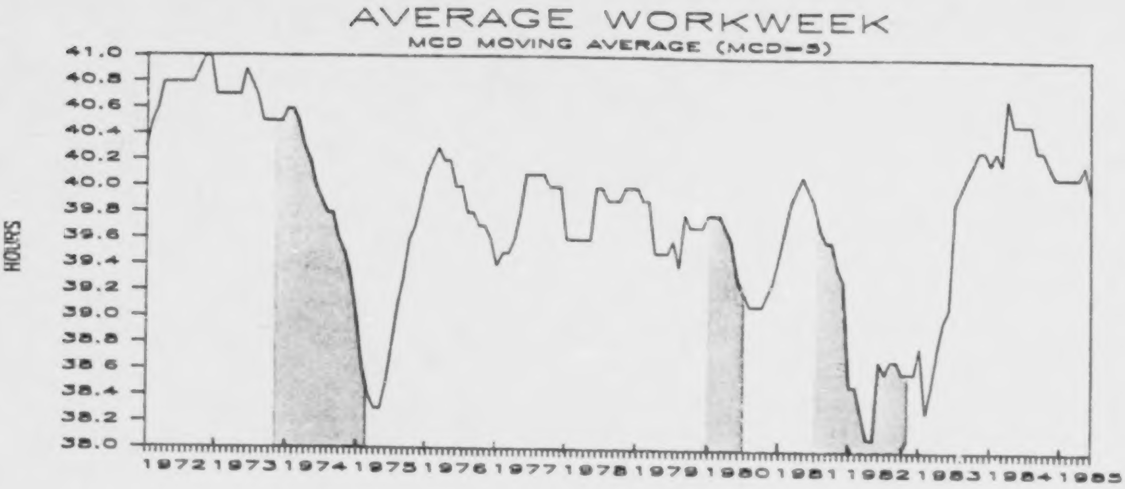
AVERAGE MANHOURS
MCD — 2



AVERAGE HOURLY EARNINGS
MCD — 1

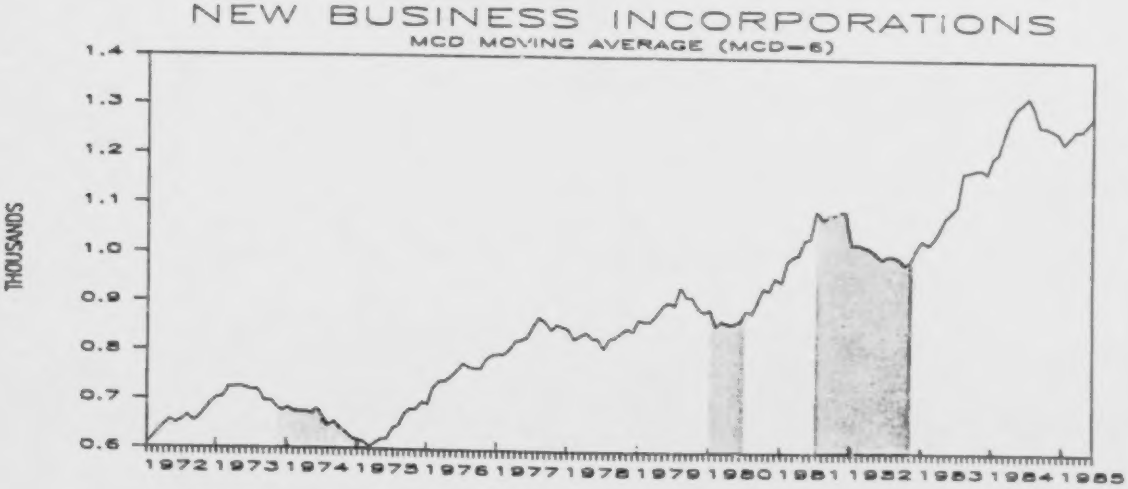


AVERAGE WEEKLY EARNINGS
MCD — 2



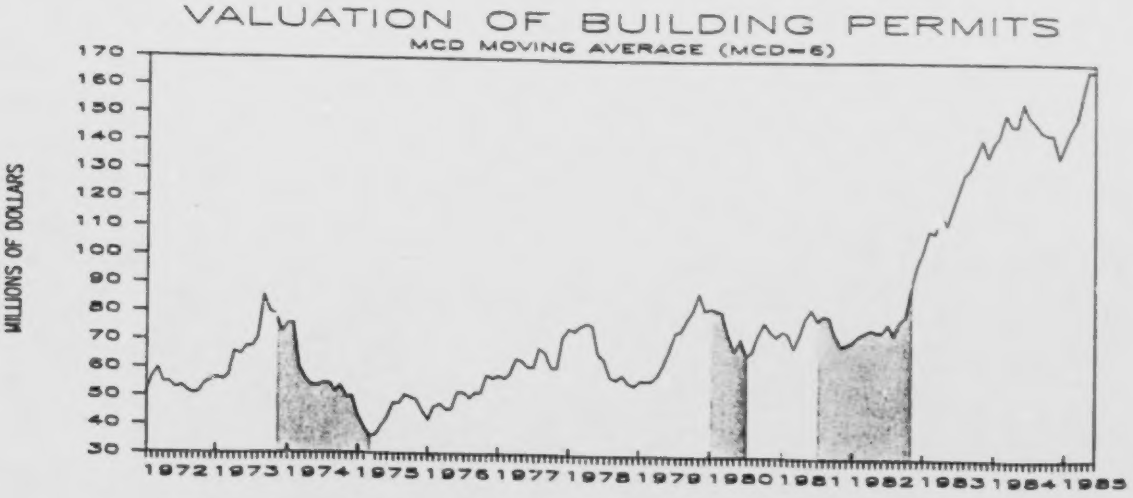
AVERAGE WORKWEEK

MCD MOVING AVERAGE (MCD=5)



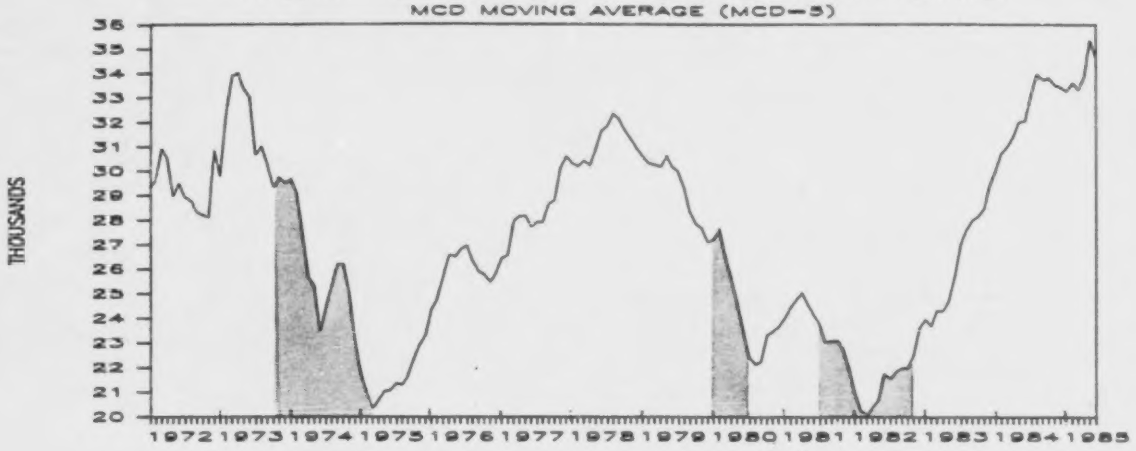
NEW BUSINESS INCORPORATIONS

MCD MOVING AVERAGE (MCD=6)

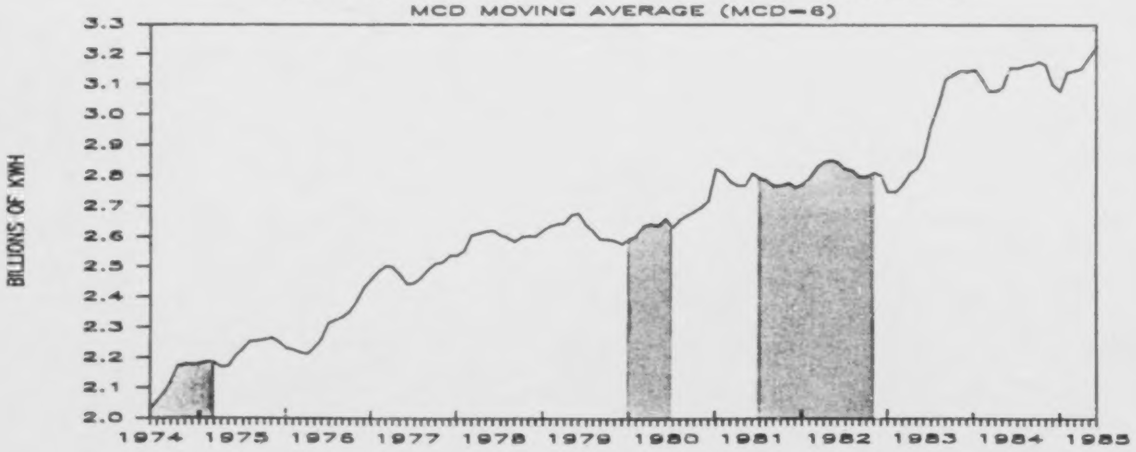


VALUATION OF BUILDING PERMITS

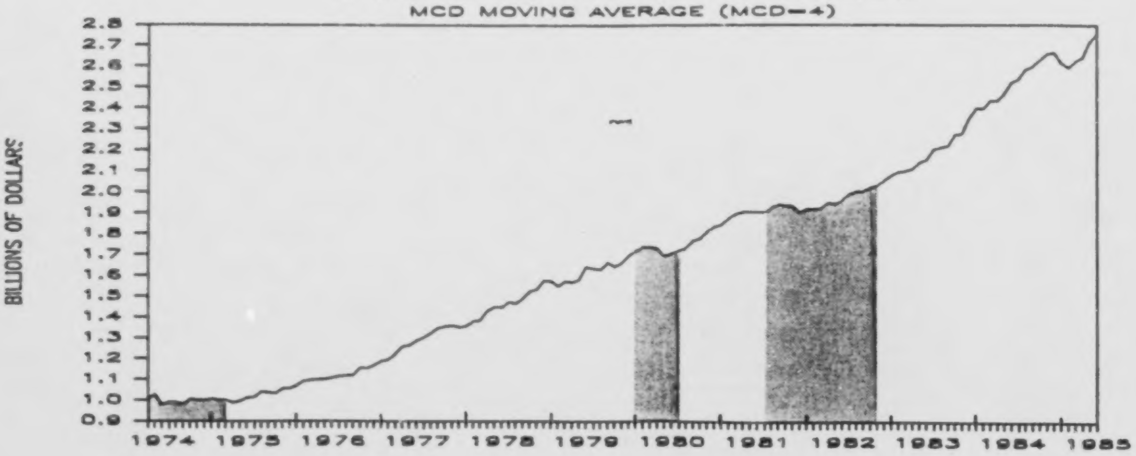
MCD MOVING AVERAGE (MCD=6)



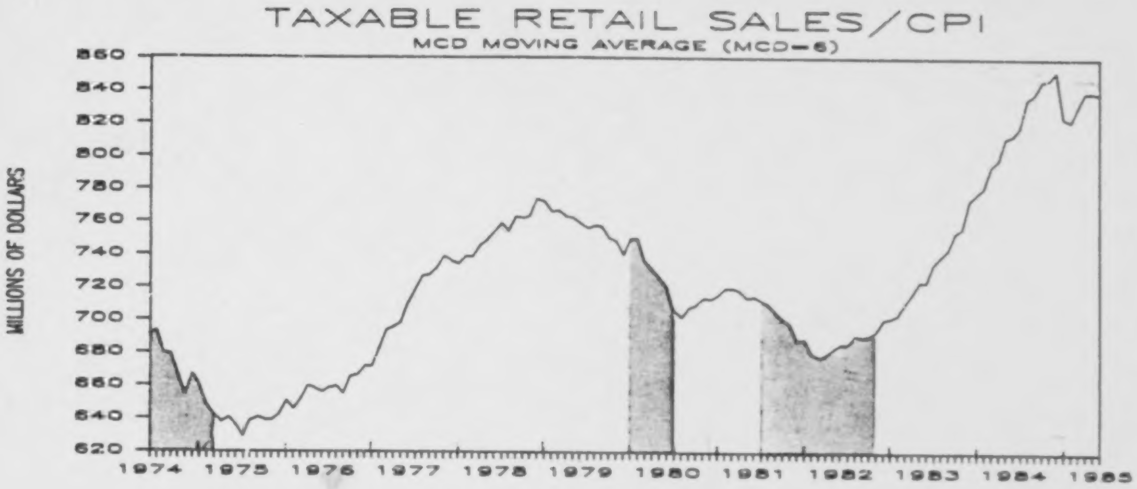
NEW VEHICLE REGISTRATIONS
MCD MOVING AVERAGE (MCD-5)



ELECTRICAL POWER SALES
MCD MOVING AVERAGE (MCD-6)



TAXABLE RETAIL SALES
MCD MOVING AVERAGE (MCD-4)



TAXABLE RETAIL SALES/CPI

MCD MOVING AVERAGE (MCD=6)